

**Chief Financial Officer**

**FY 1997**

**Status Report**

**and**

**Five-Year Plan**



**October, 1997**

U.S. Department of Energy  
Washington, DC 20585

The information contained in this Status Report and Five-Year Plan is consistent with the requirements of Section 15.5 of OMB Circular No. A-11, revised

## **Reader Response Sheet**

The Chief Financial Officer is interested in the comments and suggestions of those who read this document. Appendix C is a reader response sheet designed to provide information on ways to improve this report and make it more useful to you, our valued customer. Please take a few minutes to complete the response sheet and forward it to the address indicated

*Prepared by the Chief Financial Officer  
Executive Operations and Planning*

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# EXECUTIVE SUMMARY

The Chief Financial Officers Act of 1990 (CFO Act) establishes the legal framework for improved Federal financial management. The Act requires the agency CFO to prepare, and annually revise, a plan to implement the Office of Management and Budget (OMB) Federal Financial Management Status Report and Five-Year Plan. This is the sixth Status Report and Five-Year Plan submission to OMB by the Department of Energy (DOE).

Financial management at the Department operates in an environment of Government-

wide efforts to improve financial management and implements legislation and administrative provisions which stress the need for change. This report sets forth the Department's plans for financial management improvements in the coming years. It also highlights several new initiatives completed or currently underway that will significantly improve the overall effectiveness of financial management at the Department of Energy. The Department is at the forefront of government agencies in accomplishing the goals of Congress and the Administration.

## CFO Responsibilities

The CFO oversees all financial management activities relating to DOE's programs and operations, including: management of the budget formulation and execution processes; Departmental accounting and financial policies; development and maintenance of the Department's integrated accounting and financial management system, which includes financial reporting and management controls; and other automated systems including Executive Information Systems to support senior management decision making and monitor performance pursuant to the Government Performance and Results Act (GPRA).

The Secretary of Energy and the CFO are firmly committed to excellence in all aspects of financial management. The Department's Strategic Plan identifies four business lines that carry out the Department's mission. Under the strong leadership of Secretary Peña, the Department has also focused on Corporate

Management. We are reviewing our management practices: how we manage our workforce; how we allocate, spend, and account for resources; how we procure, produce, and contract for goods and services; how we streamline and continuously improve our operations and facilities; and how we manage our information technology systems—the tools we use to get it all done.

Our business approach recognizes that people—our customers and employees—are our most important resource. Those we serve need to be actively involved in the planning and decision-making processes inherent to carrying out the DOE mission.

These responsibilities are supported by an exceptionally skilled and motivated financial staff who are actively pursuing techniques and training directed towards the next century. Our strategic plan guides our tactical plan as outlined in this report.

## 1997 Accomplishments

The Department, like other Federal agencies, is currently faced with the need to rationalize operations and resources to accomplish critical requirements with less funding. As a result, a number of initiatives were undertaken during the year to significantly improve the efficiency of our operations, particularly in administrative areas. Much of what was accomplished during the past year was for the purpose of identifying and eliminating low priority activities not absolutely necessary to providing critical financial services and products to customers. Significant inroads have been made in improving our operations. Our continued success will hinge on our ability to provide critical products and services in a timely manner. Equally challenging and important will be the task of maintaining and enhancing our human resources during a time of constrained funding.

- **Reorganization:** The CFO, in partnership with the National Treasury Employees Union (NTEU), implemented a reorganization to provide efficiencies and economies that would allow essential financial services to continue and customer demands to be met with reduced staffing levels. Implemented during the second quarter, the new organizational structure and redefined roles and responsibilities have been instrumental in the ability of this office to continue functioning at a high level of performance despite a 13% workforce reduction during the first quarter of this year.
- **Audited Financial Statements:** The CFO prepared the Department's first consolidated audited financial statements meeting the requirements of the Government Management Reform Act of 1994. The statements received an

unqualified audit opinion from the Office of Inspector General. The Department was one of only six Federal agencies to receive an unqualified audit opinion on their statements for FY 1996. Additionally, no material internal control weaknesses or nonconformances with laws or regulations were identified by the Inspector General's audit.

- **Performance Based Oversight:** The CFO, through a chartered team with Field and Headquarters representatives, developed and issued **Guiding Principles for Effective Financial Management** in December 1996. These guiding principles provide processes and methods for Field office use in establishing financial management performance goals, objectives, and measures with contractors and for conducting performance based oversight. They also satisfy DOE's legally mandated responsibilities related to responsive, economical, efficient, and effective financial administration.
- **Government Performance and Results Act:** To prepare for the FY 1999 Budget Request and the requirements of the GPRA, the Department has been submitting Congressional Budget Requests utilizing performance related justification beginning with the FY 1995 Congressional Request. The FY 1999 Congressional request will be fully compliant with the Results Act. The FY 1998 Budget Request submitted to Congress in February 1997 included the DOE Annual Performance Plan within the section titled "Budget Highlights and Performance Plan" as outlined in GPRA.
- **Executive Information System:** CFO

customers have asked for a system to collect, analyze, and present financial and program performance information in a user friendly format. In response we have;

- Conducted an Executive Information System (EIS) Information and Technology Workshop during March 1997.
- Implemented a corporate EIS pilot system September 30, 1997, providing selected financial information to executives and senior managers at Headquarters and Field offices.
- Developed a Financial Data Warehouse (FDW) prototype and an automated interface of consolidated financial information to the FDW and EIS.
- **Modernization of payment and business methods:** The CFO is working to transition to paperless or electronic financial transactions.
  - Assisted in the design and served as a pilot agency for the Department of the Treasury's Automated Standard Application for Payments/Bank Request System which will replace its Federal Reserve Letter of Credit System.
  - Launched a major outreach project, pursuant to the Debt Collection Improvement Act of 1996, to inform vendors of the statutory requirement to remit payments via electronic funds transfer and to include tax identification numbers (TIN) on all payments.
  - Completed the implementation of the vendor file initiative which enhances Departmental Integrated Standardized Core Accounting System (DISCAS) for all DOE accounting offices by including banking information, tax identification

numbers, and remittance address.

- Achieved at DOE headquarters 96% of payroll, 99% of travel, and 60% of the vendor payments via electronic payment; American Express credit card usage of 95% for procurement of transportation tickets and 100% for travel advances; and, 100% of travel vouchers processed through Travel Manager.
- Piloted completely paperless travel and electronic certification processes at Headquarters for future DOE-wide use.
- Implemented host-to-host payment processing at all three financial service centers utilizing Connect Direct software. Oak Ridge Financial Service Center implemented the connection using a WindowsNT platform. All three service centers will adopt this process with resulting cost savings.
- **Accounting centers consolidation:** The CFO has undertaken to eliminate redundant functions and take advantage of new financial systems to ensure a high level of financial integrity during a period of constrained resources.
  - Centralized the software license/maintenance agreements for all three financial service centers at Headquarters resulting in significant savings of dollars and effort.
  - Completed the installation of standardized hardware, software, and networking services at the three financial service centers to accommodate consolidation.
  - Consolidated all invoice and travel payments at the three service centers.
- **Full Partnership:** Conducted recurring



meetings chaired by the CFO and attended

by program managers to brief them on emerging financial issues and the changing financial environment.

**Other Accomplishments:**

- Sustained a 95% prompt pay performance Department-wide which fully satisfies the Office of Management and Budget performance target.
- Completed the Memorandum of Understanding with the Department of Treasury for debt collection associated with delinquent receivables. Transferred delinquent debt.
- Established a computer based system for reporting functional support costs for the major Management and Operating Contractors. Reports are available from the CFO HomePage to provide easy access to data for analyzing these costs.
- Continued to reduce uncosted balances and balances on completed or abandoned construction projects. Uncosted balances declined \$2.3 billion during FY 1996 and \$4.2 billion since FY 1993. Outstanding balances on completed construction projects declined \$2.8 billion in one year to \$0.6 billion in FY 1996.
- Implemented the CFO wide mentoring program to assist employees in the establishment of career goals and the development of a career path to achieve these goals through the use of individual development plans.
- Completed the diversity plan and initiated the Diversity Program within the CFO
- Continued training within the Financial Management Development Program, certifying 42 employees on completion of

the designated curriculum.

**System accomplishments:**

- Established a new DISCAS "core" baseline in preparation for accounting consolidation by incorporating software modifications, automated interfaces, and selected best practices from the DISCAS field sites.
- Developed CFO HP Systems Disaster Recovery and Continuity of Operations Plan for consolidated DISCAS..
- Management Analysis Reporting System (**MARS**) accomplishments include:
  - Implemented the majority of the MARS Phase IIIA which included the creation of a Standard General Ledger (SGL) cross-

walk and database to be used for consolidated reporting.

- Supported the generation/preparation of FY 1996 and FY 1997 Departmental Financial Statements from MARS.
- Developed an inventory of all CFO systems impacted by **Year 2000** and established an overall plan/strategy for taking corrective action.
- Completed the design, testing and implementation of the Consolidated Accounting and Investment System's enhanced investment module to allow the Office of Civilian Radioactive Waste Management to purchase Zero Coupon Bonds from the U.S. Department of Treasury for the Nuclear Waste Fund.

# FEDERAL VISION FOR FINANCIAL MANAGEMENT

Important government-wide efforts have been initiated to implement the provisions of the CFO Act, and much progress has been made. Following the CFO Act considerable legislation and administrative provisions amplified and augmented the Act. The Government Performance and Results Act of 1993 (GPRA), the Government Management Reform Act of 1994 (GMRA), and the Federal Financial Management Improvement Act of 1996 required financial management improvements, performance measurement systems, and greater accountability and enhanced financial control of government operations.

The FY 1997 Government-wide Financial Management Status Report and Five Year Plan set the eight priorities for government-wide financial management. The crosswalk below indicates Departmental efforts to address priority items.

The DOE 1997 Status Report and Five Year Plan discusses our efforts related to these eight priorities, as well as Year 2000 problems and the Standard General Ledger. The Department is at the forefront of government agencies in realizing these objectives.

**Table 1. Crosswalk to CFO Council Priorities**

| CFO Council Priorities  | DOE Major Thrust Area |                      |                  |                            |                                      |
|---|-----------------------|----------------------|------------------|----------------------------|--------------------------------------|
|   | Financial Stewardship | Customer Orientation | Full Partnership | Human Resources Management | Technology/ Information Architecture |
| <b>Improve Financial Management Systems</b>                           |                       |                      |                  |                            | X                                    |
| Use more commercial off-the-shelf software                            |                       |                      |                  |                            | X                                    |
| Increase use of cross-servicing and private sector financial services | X                     |                      |                  |                            |                                      |
| Capture more transactions electronically                              | X                     | X                    |                  |                            | X                                    |
| Increase automation and implement EIS                                 | X                     |                      |                  |                            | X                                    |
| <b>Implement Government Performance and Results Act</b>               | X                     | X                    | X                |                            | X                                    |
| <b>Accounting Standards and Financial Statements</b>                  |                       |                      |                  |                            |                                      |
| Implement Accounting Standards  | X                     |                      |                  |                            |                                      |
| Annual Financial Statements   | X                     |                      |                  |                            | X                                    |
| <b>Develop Human Resources and CFO Organizations</b>                  |                       |                      |                  |                            |                                      |
| Recruiting and retaining qualified financial management personnel     |                       |                      |                  | X                          |                                      |
| Financial management training and education                           |                       | X                    |                  | X                          |                                      |
| <b>Improve Management of Receivables</b>                              | X                     |                      |                  |                            |                                      |

**1997 CFO STATUS REPORT AND FIVE -YEAR PLAN**

| CFO Council Priorities   | DOE Major Thrust Area |                      |                  |                            |                                      |
|--|-----------------------|----------------------|------------------|----------------------------|--------------------------------------|
|  | Financial Stewardship | Customer Orientation | Full Partnership | Human Resources Management | Technology/ Information Architecture |
| <b>Ensure Management Accountability and Control</b>              |                       |                      |                  |                            |                                      |
| GMRA - Agency Accountability Reports                             | X                     |                      |                  |                            |                                      |
| FMFIA - Agency Material Weakness Report                          | X                     |                      |                  |                            |                                      |
| <b>Modernize Payments and Business Methods</b>                   |                       |                      |                  |                            |                                      |
| Electronic Funds Transfer  | X                     |                      |                  |                            | X                                    |
| Electronic Commerce  | X                     |                      |                  |                            | X                                    |
| Streamline and integrate procurement and vendor payments process | X                     |                      |                  |                            | X                                    |
| Improve intra-governmental transfers                             | X                     |                      |                  |                            |                                      |
| Implement Franchise Funds  | X                     |                      | X                |                            |                                      |
| <b>Improve Admin of Fed Assistance Programs</b>                  | X                     |                      |                  |                            |                                      |

# ABOUT THE DEPARTMENT OF ENERGY

The Department's roots can be traced to the Manhattan Engineering District of the U.S. Army Corps of Engineers, established in 1942 to manage the development of the atomic bomb. After World War II, Congress created the Atomic Energy Commission to direct the design, development, and production of nuclear weapons and the development of nuclear reactors, and to regulate the commercial nuclear power industry. In 1975, Congress replaced the Atomic Energy Commission with two new agencies: the Nuclear Regulatory Commission and the Energy Research and Development Administration.

The Department of Energy Organization Act (Public Law 95-91) of August 4, 1977, provided the legislative basis for the DOE. By consolidating the energy functions formerly vested in several Federal agencies under one cabinet-level department, DOE provided a new and sharpened focus to the Government's role in meeting the challenge of creating a more secure energy base for the Nation.

In the years since its inception, Federal employment at DOE has decreased from more than 21,000 employees in FY 1980 to about 17,700 as of October 1997. Current projections are that Federal employment will decline further to approximately 16,000 in FY 2000, as the result of strategic alignment and

downsizing initiatives. Private-sector employment with the Department's integrated management and operating contractors at DOE laboratories and other facilities is also on the decline from a high of 148,700 in FY 1992, to a projected level of 108,000 by the end of 1997. Budgetary resources have ranged from \$11.1 billion in FY 1978 to \$19.6 billion for FY 1993 and \$16.5 billion for FY 1997.

Since 1995, the Department has pursued strategic alignment with a downsizing initiative that will yield approximately \$1.7 billion toward the Administration's deficit reduction efforts and result in better, more cost-effective means of performing the core missions defined in the Department's Strategic Plan. The alignment and downsizing package includes closing 24 offices, reducing Federal employees by 3,788 from 1995 levels, and cutting costs in a variety of other areas. In response to the Department's efforts, President Clinton said, "For two years, the Department of Energy has been in the forefront of the Administration's effort to improve service to the American people, reduce costs and open government to the public."

For more information about the DOE, you can access its Internet home page at <http://www.doe.gov>.

# MISSION OF THE DEPARTMENT OF ENERGY

The Department's Strategic Plan, published in September 1997, reestablishes its mission as follows:

*To foster a secure and reliable energy system that is environmentally and economically sustainable, to be a responsible steward of the Nation's nuclear weapons, to cleanup our own facilities, and to support continued United States leadership in science and technology.*

## The DOE Vision

We aspire to achieve the following vision:

The Department of Energy, through its leadership in science and technology, will continue to advance U.S. energy, environmental, economic, and national security by being:

- A key contributor to ensure that the United States has a flexible, clean, efficient, and equitable system of energy supply and end-use with minimal vulnerability to disruption;
- A vital contributor to reducing the global nuclear danger through its national security, nuclear safety, and nonproliferation activities;
- A world leader in environmental restoration, nuclear materials stabilization, waste management, facilities decommissioning, and

pollution prevention;

- A major partner in world class science and technology through its National Laboratories, research centers, university research, and its educational and information dissemination programs; and
- A safe and rewarding workplace that is recognized for business excellence, nurtures creativity, is trusted, and delivers results.

## Our Core Values

The Department will succeed only through the efforts of its people. How well we perform individually and collectively is a function of the beliefs and values that motivate our behavior. The Department of Energy has chosen the following core values to serve as guide-posts and our conscience in fulfilling our mission and achieving our vision.

1. We are customer-oriented.
2. We value public safety and respect the environment.
3. We believe people are our most important resource.
4. We value creativity and innovation.
5. We are committed to excellence.
6. We work as a team and advocate teamwork.
7. We recognize leadership, empowerment, and accountability are

essential.

8. We pursue the highest standards of ethical behavior.

## DOE'S Four Businesses

Through the DOE strategic planning effort, we identified four business lines that most effectively utilize and integrate our unique scientific and technological assets, engineering expertise, and facilities to achieve our mission and to benefit the Nation. These business lines which directly affect the security and the quality of life of every American citizen, are:

- **Energy Resources** - How we will assure adequate supplies of clean energy, reduce U.S. vulnerability to supply disruptions, encourage efficiency and advance alternative and renewable energy technologies, and increase energy choices for all consumers.
- **National Security** - How we will effectively support and maintain a safe, secure, and reliable enduring stockpile without nuclear testing, safely dismantle and dispose of excess nuclear weapons, provide technical leadership for national and global nonproliferation and nuclear safety activities, and develop and support nuclear reactor plants for naval propulsion.
- **Environmental Quality** - How we will reduce the environmental, safety, and health risks from DOE facilities and materials, safely and permanently dispose of civilian spent nuclear fuel and defense related radioactive waste, and develop the technologies and institutions required for solving

domestic and international environmental problems.

- **Science and Technology** - How we will use the unique resources of the Department's laboratories and the country's universities to maintain leadership in basic research and to advance scientific knowledge, focus applied research and technology development in support of the Department's other business lines, contribute to the Nation's science and mathematics education, and deliver relevant scientific and technical information.

## Corporate Management

Under Corporate Management we have identified three areas that cut across our business lines and are critical to the success of those businesses.

- **Environment, Safety, and Health** - How we will ensure the safety and health of workers and the public, and protect and restore the environment.
- **Communication and Trust** - How we will communicate information and build trust within the organization and with our stakeholders and customers.
- **Management Practices** - How we will manage our workforce; allocate, spend, and account for resources; procure, produce, and contract for goods and services; streamline and continuously improve our operations and facilities; and manage our information technology systems—the tools we use to get it all done.

# FINANCIAL MANAGEMENT AT THE DEPARTMENT

The Department's financial management activities operate in a decentralized mode under the central control or guidance of the CFO. The CFO develops and implements financial management policies and procedures used throughout the Department. These are supported by efficient computer systems and centralized financial reporting.

Prior to the passage of the Chief Financial Officers Act of 1990 (Public Law 101-576), the Department had established a strong financial management organization headed by a Controller who reported to the Secretary of Energy. Only minor organizational changes were required to implement the CFO Act.

The Department of Energy's financial management program is on the threshold of significant change. Downsizing and reengineering initiatives coupled with the application of quality principles are refocusing our thinking from a mind set of more controls to one of eliminating unnecessary processes, streamlining activities, instituting performance measurement oversight and continuing to place customer service high on our list of priorities. Improved financial management is viewed as critical to the overall effort to reform government.

The financial management community has set its sights on achieving excellence by empowering employees, setting and measuring progress toward achieving high goals, and

benchmarking our achievements against the best in government and industry. Recent funding and staffing reductions in the Department's financial management program have focused our priorities on improving the efficiency of our operations, particularly in the administrative areas, through the identification and elimination of lower priority activities not absolutely necessary to providing quality financial services to our customers. Examples include: movement away from compliance reviews of the Department's contractors with more reliance on performance measurement oversight; consolidation of the Department's accounting operations from nineteen offices to three regional accounting centers; and a strategic move to "paperless" financial transactions including automated travel management and direct bank deposit.

Our goals include: maintaining the highest standards of professionalism, integrity, and ethical behavior; having every DOE employee accept responsibility for stewardship of financial resources; and, ensuring that all personnel work together as full partners in making program and financial decisions.

## **Mission Statement:**

*The mission of the Department of Energy's financial management community is to administer the Department's financial operations and to ensure their integrity.*



## Vision Statement:

*The Department of Energy is a leader in the field of financial management and is ranked among the best in government and industry.*

The vision then unfolds unto five interrelated major thrust areas, as follows:

- **Financial Stewardship** focuses on the responsibility of managing the Department's financial resources ethically and with integrity.
- **Full Partnership** emphasizes a culture of cooperation and support between financial managers and program officials.
- **Customer Orientation** focuses on recognizing customer needs, requirements, and expectations for financial management products and services.
- **Human Resources Management** emphasizes the creation of a highly skilled, motivated, empowered, and diverse workforce.
- **Technology/Information Architecture** recognizes the importance of financial management information structure and automated systems. The success of this crosscutting thrust is instrumental in accomplishing the other strategic thrust areas.

The major thrusts are supported by one or

more goals, objectives, and strategies which have become an umbrella for all CFO initiatives, including those resulting from contract reform efforts and other quality activities.

The cornerstone of our vision is our commitment to a sustained process of continuous improvement, the application of quality management principles and professional excellence. We strive to provide the products and services our customers value and will use.

The foundation for our vision is a talented, highly skilled, motivated, well-trained, diverse, and innovative team of financial personnel who are empowered by management and provided modern systems and other resources needed to improve quality in their organizations and achieve extraordinary customer satisfaction in support of the Department's mission.

## Financial Management Strategic Plan

In concert with members of the field financial management community and other appropriate stakeholders, the CFO has updated the Department of Energy's Financial Management Strategic Plan to set forth long term goals and objectives and to focus on the success indicators that will ensure continued financial services to our customers at lower cost and with fewer staff. It is anticipated that this Plan will continue to evolve as changes in the environment, mission, mandates, or strategies of the Department occur.

While preserving the goals from the Department's initial Financial Management Strategic Plan for the five Strategic Thrust or

Focus Areas, the current plan is revised to more fully address gaps between the current environment as outlined in the situational analyses and our vision. Despite these revisions we maintain our commitment to achieve a level of excellence in customer satisfaction

The updated Financial Management Strategic Plan supports and complements the Management Practices Critical Success Factors outlined in the Department's overall Strategic Plan, the Government-wide Strategic Plan for Financial Management, the Critical Success Factors for Financial Management in the Secretary's Performance Agreement with the President, and the goals for implementing the Government-wide CFO vision for financial management. It also establishes the framework for preparation of the Department's Annual Chief Financial Officer's Status Report and Five-Year Plan to the Congress.

### **Success Measures of Performance:**

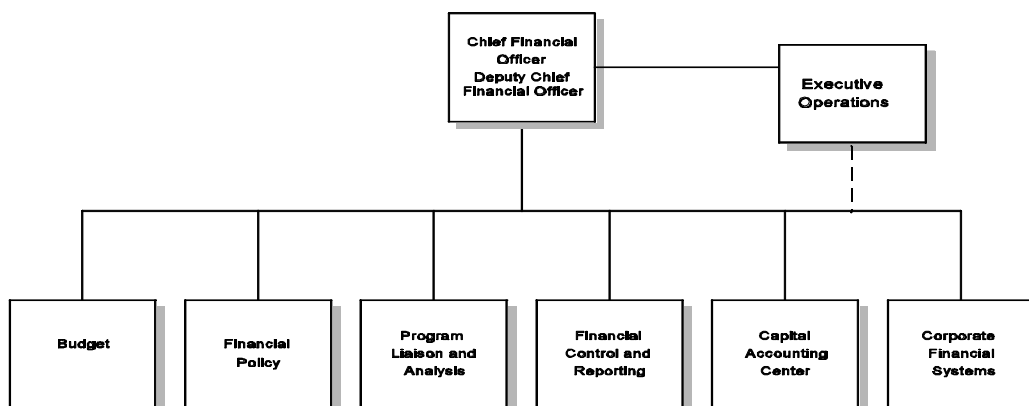
The following list captures the critical factors which represent success for the CFO:

- Prepare and submit audited financial statements to OMB not later than March 1st of the following Fiscal Year.
- Analyze and control functional support costs.

- Control, manage, and where appropriate, reduce uncosted balances and construction project balances.
- Consolidate accounting centers and outsource payroll.
- Develop an Executive Information System
- Transition from compliance based oversight to performance based oversight.

### **CFO Reorganization**

In response to the changing Departmental environment and evolving financial management responsibilities, the CFO reorganization was implemented during the second quarter of FY 1997 after one year of careful review. The CFO now functions through six office directors at Headquarters and through field CFOs at locations with accounting, budgeting, and financial analysis functions. The new organization covers the full spectrum of financial management activities. Figure 1 and Table 2 identify the offices currently responsible for carrying out Headquarters CFO functions and describes the responsibilities of each office.

**Figure 1. Revised CFO Organizational Structure****Table 2. Headquarters Financial Functions Directed by the CFO**

| Office                                 | Responsibility   |
|--|--|
| <b>Executive Operations</b>            | Deals with cutting edge and cross cutting issues as well as audit liaison and administrative tasks.  |
| <b>Budget</b>                          | Formulates, validates, presents, and executes the Department's budget; develops budget formulation and execution policy and procedures; and develops budget information systems.   |
| <b>Financial Policy</b>                | Develops, interprets, and publishes the Department's accounting and financial policies and procedures.   |
| <b>Program Liaison and Analysis</b>    | Administers a department wide management control program for the Federal Managers' Financial Integrity Act, conducts on-site performance based business management system reviews, and oversees the Department's financial performance measurement and oversight process.  |
| <b>Financial Control and Reporting</b> | Performs departmental accounting functions, including special accounting services, and central reporting, and coordinates the preparation of the Department's audited financial statements.  |
| <b>Capital Accounting Center</b>       | Serves as one of three consolidated accounting centers "Centers of Excellence" for the Department. The CAP center is responsible for the accounting activity for: Headquarters; the Naval Petroleum Reserves in Casper, WY and Elk Hills, CA; the Naval Reactors Offices in Pittsburgh, PA and Schenectady, NY; and the Chicago Operations Office. The CAP center has Department-wide responsibility for payroll labor distribution, permanent change of station, and several other functions. |
| <b>Corp Financial Systems</b>          | Directs, develops, and implements the Department's financial systems efforts.  |

### **Field Financial Management Organizational Structure and Reporting Relationships**

The Department has 24 field offices with responsibilities for varying degrees of financial management. The field CFOs at the 10 major offices report directly to their local field office manager, as well as to the Department's CFO, on all financial management matters. This dual-reporting relationship has strengthened the Department's financial management by

improving communication and teamwork.

Under this reporting relationship, the CFO has authority for approving all key financial management personnel actions, including the selection of field CFOs and approval of position descriptions and qualification standards. Also, the CFO has shared responsibility with field office managers for other personnel actions such as annual performance appraisals, proposed awards, and disciplinary actions.

# FINANCIAL STEWARDSHIP

The Department continues to emphasize professional excellence, accountability, and responsibility in the administration of its programs. The CFO Act institutionalized roles and responsibilities in financial management which further promote an environment of positive financial stewardship within the Department.

As a result of our efforts in financial stewardship we have experienced increasing requirements and expectations during a period of declining or constrained resources. This has been even more difficult in light of the Department's FY 1997 appropriations acts that significantly reduced staffing and funding levels in the CFO organization.

The CFO, when developing the Financial Management Strategic Plan, established financial stewardship as one of five critical strategic thrust areas. The Plan defines "financial stewardship" as the responsibility of managing the financial resources of the Department and effectively executing this responsibility with integrity and ethical conduct. The plan identifies several objectives for achieving financial stewardship and further subdivides these into specific strategies. The major objectives include the following:

- Maintain and adapt core functions to meet the changing environment.
- Franchise CFO activities based on cost/benefit analyses.

- Comply with laws and regulations and prevent fraud, waste, and abuse.
- Reinvent oversight roles and responsibilities with a new emphasis on performance.

## Status

During FY 1997, the CFO prepared the first Department-wide audited financial statements, and those statements received an unqualified opinion from the Office of the Inspector General. We reinvented travel as an electronic paperless environment and consolidated selected accounting functions from nineteen finance offices to three finance centers.

This chapter further discusses our efforts to make prompt payments, and to manage our assets, cash, receivables, inventory, and real property. We have begun new initiatives in asset sales and performance based oversight.

Within the next few years we will undertake many additional initiatives to meet our stewardship objectives. Among these are the outsourcing of payroll, implementation of the remaining Federal Financial Accounting Standards, and full implementation of OMB 97-01, *Form and Content for Agency Financial Statements*.

## Audited Financial Reporting

### Status

The Department's FY 1996 consolidated financial statements were issued to OMB on-time and with an unqualified audit opinion. The Department is one of only six Federal agencies to receive an unqualified audit opinion for FY 1996. In addition, no material weaknesses or nonconformances with laws and regulations were identified by the Inspector General's audit of the Department's financial statements.

### Plans

The Department faces significant challenges to improve the usefulness of its consolidated financial statements and to continue to obtain unqualified audit opinions in FY 1997 and future years. The CFO will work with the Office of Policy and program offices to improve performance measure information in our financial statements and work toward preparing a more comprehensive accountability report beginning in FY 1999.

Efforts are also underway to implement new Government-wide accounting standards, including the Statement of Federal Financial Accounting Standards Number 4, Managerial Cost Accounting Concepts and Standards, which became effective on October 1, 1996.

Finally, the Department must address the impacts on unfunded liability accruals as it moves toward an accelerated cleanup approach for managing the Environmental Management program. This new approach is designed to accelerate the cleanup program and complete the cleanup of as many DOE sites as possible by 2006. Thus, the FY 1997 estimate will reflect a more accelerated approach for addressing the disposal of nuclear materials and waste with life cycle costs extending to 2006 for major milestones, rather than the much longer 70 year period envisioned by the Baseline Environmental Management Report, which was used for the FY 1996 estimates.

## Accounting Standards/Principles

The CFO takes necessary steps to ensure that Departmental guidance on accounting principles, standards, requirements, and management control standards is in full compliance with applicable statutory or regulatory requirements from the General Accounting Office (GAO), OMB, Treasury, and other regulatory bodies. The CFO establishes this guidance through published accounting documents that contain policies and general procedures covering the broad range of accounting activities within the

Department. With the exception of the Bonneville Power Administration (BPA) and the Federal Energy Regulatory Commission (FERC), the accounting guidance is binding on all components of the Department, including its integrated contractors. Due to the nature of their work and statutory and regulatory requirements, BPA and FERC maintain their own accounting guidance.

The CFO conducts regular reviews of DOE's accounting principles, standards, requirements,

and management control standards to ensure compliance with relevant statutory and regulatory requirements and to evaluate their adequacy relative to new or revised requirements and audit findings. Before any substantive new or revised requirements are issued, they undergo appropriate coordination and scrutiny.

The Department also interfaces with central Federal agencies such as OMB, GAO, and Treasury and with Federal accounting-standards-setting bodies, including the Federal Accounting Standards Advisory Board (FASAB). The CFO serves as the Department's lead for coordinating financial policies and initiatives, including referring agency-specific accounting issues to these bodies. In this capacity, the CFO reviews and oversees the coordination of draft standards and regulations across the Department and prepares consolidated comments. With the Department's Deputy Controller as the civilian agency representative to FASAB, we take an active role in the development of FASAB

standards. The CFO is responsible for implementing and interpreting the requirements established by these standards.

## Status

As a result of this ongoing evaluation, interim guidance was issued in several areas including managerial cost accounting, precious metals inventories, cost accruals and recoupment of royalties.

## Plans

As part of the continual review process the CFO plans to issue a comprehensive revision to the Accounting Handbook, further guidance on the Department's implementation of the Federal accounting standards, revised pricing policy, and updated debt collection guidance, and to establish an inventory of financial clauses for inclusion in the Department's management and operating contracts.

# Accounting Consolidation

## Status

The Department of Energy (DOE) Accounting Consolidation Steering Committee (steering committee) is comprised of representatives from the three accounting service centers and three members selected to represent the satellite sites. The steering committee led a concerted effort to consolidate the nineteen accounting offices into three service centers. Savings from the consolidation of accounting activities will be realized from (1) operational efficiencies, (2) technological and process improvements, and (3) the physical consolidation of activities.

The purpose of the steering committee is to

ensure successful achievement of the Department's goal of consolidating selected accounting functions and travel and payment activities into centralized financial service centers by managing the implementation process in accordance with the Strategic Alignment Plan.

The steering committee appointed four working groups, comprised of representatives from the service center and satellite offices, to specifically address issues for consolidating travel and vendor payments, other selected accounting functions, Departmental Integrated Standardized Core Accounting System (DISCAS) operations, and hardware/systems enhancements and implementation. The

steering committee ensures that the activities of the working groups are integrated and executed cohesively. The committee is also responsible for resolving policy and operational issues arising in connection with the consolidation initiative, and performs a vital role in communicating issues and progress to the DOE financial community.

The **Travel Working Group** (TWG) developed a concept paper for the phased implementation of an automated, paperless travel process throughout DOE utilizing the Gelco Travel Manager software application and an electronic signature capability.

In Phase I, Gelco Travel Manager is used by DOE for all temporary duty and foreign travel authorizations, vouchers, and local vouchers. The Gelco Travel Manager software is available at each field site on the Local Area Network (LAN) or in a stand-alone mode. In Phase II, Travel Manager is used by the Department and is available to each user via a LAN. Each field site has fully implemented Travel Manager/DISCAS interface for authorizations, advances and vouchers. With Phase III, Travel Manager will be operational in a paperless mode at all field sites using the electronic signature capability developed for the U.S. Air Force. In Phase IV, Travel payments were consolidated at the Service Centers in July 1997 current with the consolidation of other payments. With Phase V, Travel operations will be performed from three Travel Manager databases.

Most offices have fully implemented Phase I. Several offices have fully or partially implemented Phase II. DOE has begun implementation of Phase III. Phase IV was completed in July 1997. Phase V implementation relies on developing new technology sometime beyond FY 1998.

The **Payments Working Group** (PWG)

achieved many of its goals in FY 1997. All satellite offices' payments, other than travel, were performed at the three financial service centers at the end of July 1997, two months ahead of schedule. The **Albuquerque Financial Center** consolidated payments for the Golden Field Office, Regional Support Offices, Oakland Operations Office, Idaho Operations Office, and the Nevada Operations Office. The **Oak Ridge Financial Service Center** is currently processing payments for the Office of Scientific and Technical Information, Ohio Field Office, Rocky Flats Field Office, Morgantown Energy Technology Center, Savannah River Operations Office, Strategic Petroleum Reserve Office, Pittsburgh Energy Technology Center, and Richland Operations Office. The **Capital Accounting Center** provides payment services to the Naval Petroleum Reserves Offices located in Casper, Wyoming and Elk Hills, California, the Naval Reactors Offices located in Pittsburgh, Pennsylvania and Schenectady, New York, and the Chicago Operations Office.

The PWG worked with the General Accounting Office (GAO) to establish a new payment process for paying purchase orders for \$25,000 or less. Termed "Negative Confirmation", it allows payment to be made without obtaining positive assurance for the receipt for goods or services. Positive receipt and acceptance of goods or services will be verified on a statistical sample basis after the payment is certified. This process will result in approximately \$100,000 plus annual savings or cost avoidance and three plus FTEs by eliminating the mailing, faxing, telephoning, and e-mailing of information between the satellite offices and the financial service centers. The process could be applied to approximately 40% of total transactions, equating to less than 1% of the total payments by amount made by the department.

The **Accounting Operations Working**



**Group** (AOWG) analyzes options for consolidating accounting activities such as funds control, accounts receivable, debt management, general accounting, analysis and reconciliation, year-end reporting, Treasury reporting, etc. The group has developed a matrix which identifies functions to be performed at the satellite offices or at the service centers, and process flows for each major function as well as a memorandum of understanding. This group has a major role in analyzing internal control and data integrity issues, and developing technical requirements for database consolidation.

The **Hardware/Systems Working Group** (HSWG) is tasked with systems' configuration and implementing a plan for accounting and payment activities at the three service centers. Additionally, this group supports the other three working groups.

HSWG surveyed all accounting offices to inventory and assess the various types of hardware, software, DISCAS programs and other systems' capabilities utilized throughout DOE. As a result, hardware, software, and network configurations were recommended. Consequently, all computer processing for DISCAS is now being performed at the three financial service centers.

Major modifications were completed and implemented in DISCAS during FY 1997 to facilitate consolidation of payments and automation of travel, and to establish initial groundwork for database consolidation. Technology improvements included: implementation of an automated e-mail interface from DISCAS; expanded use of interactive voice response capabilities; host-to-host connectivity with Treasury; and enhanced network communications.

## Plans

The TWG will continue efforts to fully implement a paperless travel environment throughout the Department.

The PWG is currently partnering with the Office of Corporate Financial Systems to develop plans to implement the Treasury Automated Standard Applications for Payments (ASAP) system at DOE as the method for requesting and delivering Federal funds to grantees. The PWG will be providing guidance as to the most efficient means of implementing the system in conjunction with the consolidation effort, developing specifications for an automated interface between ASAP and DISCAS, and reviewing other proposed DISCAS enhancements. Implementation of the ASAP system is targeted from July 1997 to June 1998.

The PWG agenda for 1998 also includes developing Department-wide procedures for handling miscellaneous payments to employees, designing system specifications for interfaces between DISCAS and the Online Payments and Collections (OPAC) system and DOE training systems. The group will also be developing a user-friendly format which will be used by invoice approving officials to e-mail approval to the financial service centers.

The AOWG and HSWG resources will be devoted to identifying, programming, and implementing DISCAS/Hewlett Packard modifications. These groups will also be developing plans and implementing memoranda of understanding for merging service center and satellite DISCAS databases which is projected for completion in FY 1999.

## Prompt Pay

### Status

The Department's FY 1995 on-time payment performance rate was 92 percent. The rate improved to an FY 1996 rate of 95 percent.

We will continue to strive to maintain this high level of performance and initiate improvements to reduce cost and increase the rate of on-time payment.

## Asset Management

DOE is committed to effective management of its assets and operation of efficient systems for cash management, credit management, debt collection, and property and inventory management and control in compliance with

applicable laws, regulations, and central agency guidance. As of September 30, 1996, the Department's assets totaled \$94.0 billion (Table 3).

**Table 3. Summary of DOE Assets as of September 30, 1996**

| <b>Assets</b>  | <b>Value (billions of dollars)</b> |
|--|------------------------------------|
| Fund balances and cash   | \$ 10.9                            |
| Accounts Receivable, net of allowances                           | 5.5                                |
| Inventories  | 39.6                               |
| Investments  | 7.1                                |
| Property, plant, and equipment (net of accumulated depreciation) | 22.1                               |
| Other  | 8.8                                |
| <b>Total</b>   | <b><u>\$94.0</u></b>               |

## Cash Management

### Status

The Department continues to expand its use of the latest technologies available to provide maximum utilization of the Government's cash resources. The CFO actively participates in

the DOE wide implementation of the Presidential initiative on electronic commerce which involves streamlining and automating the simplified acquisition procurement process.

The Department participated in the

development of the EDI conventions to be used between Federal agencies as a part of the EDI/On-line Payment and Collection System (EDIPAC) working group. EDIPAC mapping for the Department has been completed and test data have been provided to the Department of the Treasury (Treasury) Financial Management Service. Now in the final test phase, EDIPAC will result in a significant reduction of effort required in the collection, payment, and accounting for inter-agency transactions.

The Department served as the pilot agency for Treasury's Automated Standard Applications for Payment/1031 (ASAP/1031) System which replaced its Federal Reserve Letter of Credit System. ASAP/1031 provides for on-line authorization of funds to contractors, reduces paperwork for servicing banks, and permits excess drawdowns to be returned directly to the account at the Federal Reserve Bank of Richmond. The Department was the first Federal agency to begin conversion. Department-wide implementation was completed in March, 1997. The Department began efforts in FY 1997 to promote regular ASAP for grant recipients.

In partnership with the Deputy Assistant Secretary for Procurement and Assistance Management, an Electronic Payments Implementation Plan, including procedures for enrolling the Department's payees in electronic payments, was developed and implemented. This plan identifies required actions to fully comply with electronic funds transfer provisions contained in the Debt Collection Improvement Act of 1996 and it contains several interim conversion goals. The plan will be modified to incorporate any changes included in Treasury's final rule on Management of Federal Agency disbursements.

Major efforts were made Department-wide to

increase electronic payments. Currently, 95 percent of the Department's employees participate in direct deposit for salaries. 85 percent of our travel payments to employees and 95 percent of our grantee payments are made by direct deposit. Approximately 54 percent of our vendor payments are made electronically, reflecting a 14 percent increase from our FY 1996 rate. In contrast to paper checks, payments made electronically are faster, more secure, and less costly.

Use of electronic funds transfer for collections continues to be successful. For FY 1996, revenues derived from non-Federal sources from the sale of products and services for commercial-type activities were approximately \$4.3 billion. Of this amount, \$3.4 billion came from wholesale power sales, most of which were received electronically. All collections of interest payments under the Department's Bank Deposit Financial Assistance Program were received via ACH transfer. Nuclear Waste Fund disposal fees, Uranium Enrichment Decontamination and Decommissioning fees, and Federal Energy Regulatory Commission fees, totaling \$915 million, were also collected primarily by electronic funds transfer.

International Merchant Purchase Authorization Credit (IMPAC) cards are now used Department-wide for small purchases. The cards are designed to simplify the procurement process, reduce administrative costs, and reduce cash held in imprest funds.

The Department's travelers are using their travel charge cards for obtaining advances by automated teller machine.

Six Treasury lockboxes are now in use by the Department. All have electronic collection capability. Lockboxes eliminate internal processing, reduce mail float, and generally

accelerate the availability of funds. The Department also uses Remittance Express accounts at the Federal Reserve Bank of Richmond to receive automated clearing house transfers from its customers.

## Plans

The Department has in place an aggressive plan to enhance its business management operations through increased use of electronic payments and collections. These efforts include the following:

- Implementation of requirements contained in the Debt Collection Improvement Act of 1996 for all Federal payments to be made by electronic funds transfer.
- Implementation of an EDI enabled small purchase procurement system Department-wide.
- Participation in the Electronic Commerce, EDI/On-line Payment and Collection System (EDI/OPAC), and ACH Focus Working

Group and selected National ACH working groups. The Department will continue to serve as a pilot office with the Defense Finance and Accounting Service on EDI/OPAC. The switch to EDI/OPAC will significantly reduce the workload of both agencies related to inter-agency receivables and payables.

- Expansion of host-to-host payment schedule transfer capability.
- Enhancement of our paperless travel manager to achieve 24 hour reimbursement for travel expenditures and e-mail notification of funds transfer.
- Distribution of remittance advices to vendors and travelers via Internet

The CFO has established the following goals for electronic payments:

- 100 percent of travel payments, and 95 percent of vendor and miscellaneous payments by September 1998.

## Receivables Management

The Department fully complies with the laws, regulations, and central agency initiatives for improving Federal credit management and debt collection. Where applicable, the Department has adopted the principles and regulations as policy and incorporated them in directives. The Department is not a credit agency; accordingly, most of its efforts focus on the management and collection of receivables.

The Department's receivables fall into five major categories: petroleum pricing violations, power marketing sales, Uranium Enrichment Decontamination and Decommissioning Fund fees, nuclear waste disposal fees, and all other

receivables. These are discussed below.

### Petroleum Pricing Violations

Petroleum pricing violation receivables are amounts to be collected from firms that had engaged in alleged or adjudicated violations of petroleum price and allocation regulations established as a result of the Emergency Petroleum Allocations Act of 1973. These non-government funds are deposited in the Department's Petroleum Pricing Violation Escrow Fund in a fiduciary capacity. They are subsequently either distributed to third parties determined to have been injured by the

violations or used for other authorized purposes.

During 1997, the Department continued its aggressive actions to settle or write-off long outstanding receivables due from firms that had engaged in alleged or adjudicated violations of the petroleum price and allocation regulations.

## Power Marketing Sales

Power marketing receivables result from sales to utilities of electric power and related services from the Department's five power marketing administrations.

**Table 4. Public Receivables as of September 30, 1996 (million dollars)**

|                                   | Current        |               |                | Noncurrent       | Total            |
|-----------------------------------|----------------|---------------|----------------|------------------|------------------|
|                                   | Nondelinquent  | Delinquent    | Total          |                  |                  |
| Power Marketing Sales             | \$ 305.1       | \$ 24.9       | \$330.0        | \$8.7            | \$338.7          |
| Decontamination & Decommissioning | 145.3          | 0.0           | 145.3          | 1,645.1          | 1790.4           |
| Nuclear Waste Disposal Fees       | 146.6          | 0.0           | 146.6          | 2,069.6          | 2216.2           |
| All Other                         | <u>167.5</u>   | <u>53.1</u>   | <u>220.6</u>   | <u>188.8</u>     | <u>409.4</u>     |
| <b>Total</b>                      | <b>\$764.5</b> | <b>\$78.0</b> | <b>\$842.5</b> | <b>\$3,912.2</b> | <b>\$4,754.7</b> |
| Petroleum Pricing Violations      | \$ 45.1        | \$ 2,298.6    | \$2,343.7      | \$148.2          | \$2,491.9        |

## Uranium Enrichment Decontamination and Decommissioning (UEDD) Fees

UEDD receivables originate from special assessments to domestic utility companies under the Energy Policy Act of 1992 (the Act) for the cost of environmental cleanup resulting from the Government's operation of three gaseous diffusion plants. The Act established the UEDD Fund to (1) pay for the costs of decontamination and decommissioning at the diffusion facilities; (2) pay the annual costs for remedial action at the diffusion facilities to the extent that the amount in the Fund is sufficient; and (3) reimburse uranium/thorium licensees for the costs of decontamination,

decommissioning, reclamation, and other remedial actions incident to sales to the Government.

## Nuclear Waste Disposal Fees

Nuclear Waste Fund receivables originate from spent nuclear fuel or high-level radioactive waste disposal fees due from public utility companies, pursuant to the provisions of the Nuclear Waste Policy Act of 1982, as amended.

## All Other Receivables

All other receivables include those resulting

from custom research, testing, and fabrication sales; Federal Energy Regulatory Commission fees; laboratory user fees; petroleum sales; isotope sales; vendor and grantee debts; and outstanding amounts resulting from pre-FY 1987 loan and loan guarantee programs for geothermal resource development, energy research, and consumer weatherization.

As of September 30, 1996, the Department had \$4.7 billion in outstanding ordinary debt due from the public. Of this amount, \$.8 billion (18 percent) was current and \$3.9 billion (82 percent) was noncurrent (not due within 12 months of the end of the reporting period). The Department had an additional \$2.5 billion debt due at the end of the

reporting period resulting from petroleum pricing violations covered by the Emergency Petroleum Allocations Act of 1973.

## Plans

The CFO has signed an agreement with the Department of the Treasury (Treasury) to transfer debts delinquent over 180 days to Treasury for cross-servicing, including referral to the Treasury Offset Program, in compliance with the provisions of the Debt Collection Improvement Act of 1996. Efforts continue toward full implementation of these provisions.

# Inventory Management

## Status

The Department currently holds approximately \$40 billion in nuclear materials, petroleum reserves, and consumable materials. The physical management of these inventories and materials is controlled by the cognizant departmental organizations. Petroleum inventories and stockpiles are controlled by the Naval Petroleum and Oil Shale Reserves and the Strategic Petroleum Reserve Offices. Nuclear Materials and Operating Materials and Supplies are controlled by the owning departmental program offices.

The CFO issued guidance implementing the Federal Financial Accounting Standard on accounting for inventory and related property.

The screening of inventory and materials is an on-going process to ensure categorization and valuation in accordance with the standard.

Along with changes due to the new standard are those being brought about by changing Departmental mission requirements.

During FY 1997, the values of a number of materials were adjusted to reflect the changed needs and missions of the Department.

## Plans

The CFO continues to evaluate and initiate appropriate actions to ensure proper accounting control over inventories and materials. As dictated by the new standard and evolving Departmental mission requirements, inventories and materials will be screened for potential reductions due to reduced demand, shifts from current use categories to other categories, such as excess, and resulting fluctuations in valuation.

## Real Property Management

### Status

The Facility Information Management System (FIMS) is the DOE corporate physical assets data base for real property. Real property includes lands and all things of a permanent nature affixed, whether by nature or human hand.

FIMS provides up-to-date access of real property information through ad hoc queries and standard reports. This system produces a departmental annual statistical handbook, fiscal year real estate summary of real property holdings, and automates the preparation of General Services Administration annual reports for the World-Wide Inventory of Government-Owned and Leased Real Property.

FIMS is a DOE-wide system managed by the Associate Deputy Secretary for Field Management.

FIMS is jointly sponsored by the program offices which provide members for the Facilities Development and Design Committee (FDDC). They jointly make decisions about changes to the FIMS database. Current developments are routinely shared with the field office to insure accurate, appropriate and consistent compliance, and reporting of data.

### Plans

Data in the system will be maintained on a current basis. A quality assurance program will be used to assure the accuracy of the Department's facilities information.

## Asset Sales

### Status

As a part of the Department's Strategic Alignment Initiative (SAI), a goal was established to generate \$75 million over five years (FY 1996 - FY 2000) through the sale of assets that no longer contribute to DOE missions. The intent of the program is threefold: to reduce the burden of holding unproductive assets; to contribute to reducing the size and complexity of the Department's infrastructure; and to assist in achieving the President's goal of a balanced budget.

Although the Office of Worker and Community Transition has primary responsibility for this program, the CFO has supported this initiative in a number of ways.

Specifically, in May 1996, the CFO issued detailed accounting and financial policy guidance which established criteria for inclusion of asset sales in the SAI and provided guidance to field offices regarding revenue disposition and types of costs that may be deducted from gross receipts, as well as detailed accounting transactions and codes for use in recording receipts and costs directly related to sales. Additionally, the CFO has assisted in tracking financial information in connection with SAI asset sales and ensuring that net sales receipts were properly deposited in the designated Treasury account. Finally, the CFO participated in development of draft legislative language and budget justifications for a budget amendment to include asset management pilot projects in which proceeds received from sales and leases would be used

to prepare additional assets for sale or lease as well as for clean-up efforts.

## **Plan**

The CFO will continue to support the SAI asset sales initiative both in terms of providing

and interpreting related accounting, budget, and financial policy. These efforts will expand as necessary if Congress approves the Department's asset sales pilot program.

## **Biennial Review of Fees and Charges**

The Chief Financial Officer (CFO) Act, Public Law 101-576, stipulates that the CFO shall "review, on a biennial basis, the fees, royalties, rents, and other charges imposed by the agency for services and things of value it provides, and make recommendations on revising those charges to reflect costs incurred by it in providing those services and things of value". Departmental policy directs that all field CFOs assume primary responsibility for this biennial review.

DOE operates under a full cost recovery policy. The CFO provides policy and general procedures to the field CFOs in the areas of full cost recovery and biennial review methodology through DOE Orders and guidance memoranda. Field CFO reviews focus on ensuring that all charges for DOE's products and services are consistent with DOE's full cost recovery policy and other applicable laws. Any revisions to charges as a result of these reviews are to be promptly reported and implemented. The CFO and field CFOs document any needed improvements that are identified during these reviews and track them until the appropriate corrective actions are accomplished.

## **Status**

DOE has completed its first cycle of biennial reviews of fees and charges. Reviews have been completed of all required DOE activities. In addition to the biennial reviews performed for most of DOE's activities, select programs are subject to either an annual study or independent audit, which is substituted for the user fee review. The CFO reviews and maintains all biennial user fee reports. To date, the reviews have generally concluded that the pricing for DOE products and services conform to DOE's general pricing policy of full cost recovery or applicable statutes.

## **Plans**

DOE is currently in its second cycle of biennial reviews of fees and charges. Some of the reviews have already been completed and the rest are to be completed by the end of the FY 1997. The CFO will continue to monitor the review reports received from the field CFOs to ensure conformance with DOE's general pricing policy of full cost recovery or applicable statutes. For any deficiencies identified through the reviews, action plans will immediately be prepared to ensure timely implementation of corrective actions.



## Management Controls and Accountability

Management controls are mechanisms designed to ensure that an organization accomplishes its mission efficiently and effectively; complies with applicable laws, regulations, and policies; and safeguards funds, property, and other resources against waste, loss, unauthorized use, or misappropriation. In addition, management controls assist the Department in developing accurate and reliable financial and statistical reports by helping to ensure that it accurately accounts for revenues and expenditures, maintains accountability over assets and liabilities, and holds managers accountable for their performance.

The Department has implemented a comprehensive management control program in accordance with the Federal Managers' Financial Integrity Act (FMFIA) (Public Law 97-255). This program continues to be based on the concept of DOE managers evaluating their own programs, systems, and administrative functions and candidly reporting problems to the Secretary. The key objectives of the management control program are to involve senior management in the program's direction, to evaluate controls by performing annual management evaluations, and to track corrective actions through completion.

DOE's purpose in conducting management control evaluations is to ensure that management controls are operating effectively, that program and administrative functions are performed in an economical and efficient manner consistent with applicable laws and regulations, and that assets are safeguarded against waste, loss, unauthorized use, or misappropriation. In performing these evaluations, managers consider the results of internal reviews and evaluations, day-to-day knowledge of their operations, and other reviews conducted during the year, as well as

any IG or GAO audits conducted. DOE managers reported their FY 1996 evaluation results to the Secretary. These results included disclosures of weaknesses, planned corrective actions, and attestations as to the adequacy of the management control systems.

In addition, the Department conducts annual financial management system evaluations to ensure its system meets GAO principles and standards and the requirements of OMB Circular No. A-127, "Financial Management Systems." Headquarters and field organizations perform the evaluations on all components of the Department's financial management system. These evaluations utilize existing information, day-to-day knowledge and other reviews and evaluations needed to provide an annual assurance statement. After considering recommendations from systems managers, financial managers, and recommendations based on the IG's annual audits of agency financial statements, the CFO determines whether more detailed evaluations of the financial management system should be performed.

### Status

In FY 1997 the Department continued to strengthen its management control program and maintained the level of candid reporting by management as envisioned under the process. Currently, the Department is working aggressively to resolve nine reportable problems and one reportable nonconformance presented in the FY 1996 Secretary's Report to the President and Congress. During 1996, one new reportable nonconformance was identified relating to financial management system improvements that are necessary in order to provide the kinds of data needed to manage contractors and programs effectively.

Two previously reported problems, workforce skills analysis and quality assurance, were closed as a result of corrective actions taken.

As part of the reorganization, the CFO has expanded its financial analysis capabilities to provide for early warning of potential problems and support informed decision making by management. These financial analysis capabilities now being conducted include analyzing, monitoring, and reporting on areas such as functional support costs, uncosted balances, and construction projects.

## Plans

The Department will continue efforts in maintaining a world class management control program to ensure our ability to meet our unique stewardship responsibilities. In FY

1998, the Department plans to further streamline reporting by exploring approaches in preparing a consolidated Accountability Report that incorporates the management control program, the audited financial statements, and other annual agency reporting requirements. This initiative will prepare DOE to fully implement consolidated accountability reporting as envisioned by OMB in FY 1999.

In FY 1998, the CFO will rely on internal annual financial management systems evaluations conducted by Headquarters and field systems and financial managers to ensure that DISCAS meets the requirements of the GAO and OMB as emphasized by the Federal Financial Management Improvement Act of 1996 (FFMIA) and to satisfy the Section IV requirements of the FMFIA.

## Performance Based Oversight

The Department has implemented performance based oversight to improve our processes for overseeing contractor business management activities. This approach moves away from traditional compliance type methodologies for meeting oversight objectives and instead emphasizes performance measurement, self-assessments, validation of outcomes, and financial analysis. A similar pilot process has been initiated for HQ oversight of field Federal activities. To meet our oversight objectives, each field office is required to maintain a set of business management performance measures as mandated by the CFO Act, the Government Performance and Results Act (GPRA), and the OMB Circular A-11, Preparation and Submission of Budget Estimates.

- **CFO Act** requires agency CFO's to oversee all financial operations of the agency and provide annual audited financial reports that

will include efficiency and effectiveness measures.

- **Government Performance and Results Act** requires Federal agencies to develop strategic plans linked to measurable outcomes, and annual performance plans that specify measurable goals and annual reports showing the progress being made on the measures.
- **OMB Circular A-11** describes the implementation of the GPRA and directs agencies to work with OMB to identify goals and measures that will be useful in making and justifying decisions for key programs.

## Status

To support these initiatives, the CFO has

issued two documents: **CFO Performance Goals, Objectives and Measures** and **Guiding Principles** for Field office use in negotiating with contractors and for conducting performance based oversight. These documents are linked to the CFO Strategic Plan and provide a comprehensive oversight strategy that defines specific standards and expectations for contractor financial management performance. The guiding principles provide a means to evaluate performance and to satisfy the intent of the Department's Contractor Performance- Based Business Management Process, while meeting legally mandated CFO responsibilities related to financial stewardship. During FY 1996 and 1997, the CFO participated in a Department-wide pilot to conduct performance based oversight of business functions. As part of this pilot, Field sites negotiated financial management performance measures with their major contractors and are institutionalizing performance based oversight at the contractor level. Contractors will continue to perform annual self-assessments of their business functions and Field offices will provide for annual on-site business management reviews. In addition, the CFO negotiated financial management performance goals, objectives and measures with three Field pilot sites during FY 1996 and 1997 to move Headquarters

toward performance based oversight of Field offices. Based on the negotiated goals, objectives and measures, two pilot sites prepared and submitted self-assessments to Headquarters for evaluation. An on-site review was performed by Headquarters at one of the pilot sites to validate performance results, internal controls, and adherence to laws, regulations, and applicable standards.

## Plans

For FY 1998, the Headquarters performance based oversight of the Field pilot has been expanded to include all major Field sites. The CFO is negotiating performance goals, objectives, and measures with these sites which will be finalized during FY 1997. Field offices will operate under them and assess themselves against the negotiated measures in FY 1998. Headquarters plans to perform on-site business management reviews at selected sites to validate performance results, ensure that internal controls are working as intended, and assess adherence to laws, regulations, and applicable standards. Pilot results will be consolidated for all business functions with a recommendation to management on whether to institutionalize performance based Headquarters oversight of Field sites.

## Audit Resolution and Follow-up

The Department receives an average of 150 IG and 80 GAO reports each year, approximately 60 percent of which deal with financial management issues or contain recommendations to achieve savings in program costs. The CFO is responsible for liaison with both of these audit organizations, for resolving audit issues and preparing official

Departmental responses to audits, and for tracking corrective actions through completion.

To this end, the Department maintains an executive audit resolution and follow-up program to deal with adverse financial management and non-financial audit findings

arising from IG and GAO audits, as well as those associated with the annual audits of financial statements. It is the Secretary's policy that DOE's audit resolution and follow-up program must play a key role in achieving management excellence.

The CFO also chairs the Departmental Internal Control and Audit Review Council (DICARC), which is responsible for oversight of audit resolution and follow-up and the Department's self-assessment and reporting program under the FMFIA. The Council is composed of the Assistant Secretary for Human Resources and Administration, the Inspector General, a senior Headquarters program official, an Operations Office manager, and a technical advisor. The Council has the authority to challenge any office not aggressively pursuing completion of audit related corrective actions.

## **Status**

During FY 1997, the Department prepared and published the 15th and 16th Semiannual Reports to Congress on IG Audit Reports.

Also, 99 IG and 64 GAO reports were processed. The Department closed 83 IG and 23 GAO audit reports during this period and is continuing to implement appropriate corrective actions to effect closure of remaining reports.

Additionally, the CFO made further changes to the audit resolution process that made it more efficient and incorporated the resolution of audit findings into financial management performance measures to emphasize the importance of resolving audit findings in a timely manner.

## **Plans**

The Department will continue to work cooperatively with the IG and GAO to implement the most effective and efficient processes and to ensure timely identification and disposition of audit issues. Additionally, DOE will remain committed to ensuring that the DICARC will be represented by the highest level of management in the Department to garner Department-wide awareness and support for these processes.

# Full Partnership

Full partnership emphasizes the formal and informal relationship between Departmental financial management functions and program activities. Based on a team concept and defined by a culture of cooperation and support, full partnership supports improved communications and relationships between the CFO, Departmental program offices, and field offices. In conjunction with the financial stewardship strategic thrust area, full partnership supports the financial management community's goal of achieving balance between supporting program functions and requirements and maintaining a system of financial management controls that demonstrates financial management system integrity and makes optimal use of taxpayer dollars.

Partnership enhances the quality principle of customer/producer relationship by introducing the concept of shared goals. Both partners have mutual needs to be satisfied. Whether the outcome is full funding, better reporting, or optimal program performance and results; partners cooperate to achieve corporate and program goals. The inherent conflict of self interest in some financial transactions will evolve into transactions representing our mutual interests.

The Department-wide application of quality principles has provided the framework for focusing on the importance of communication and teamwork in achieving organizational goals and objectives. However, the existence of cultures and operating practices which separate organizations instead of encouraging team approaches still prevails. Downsizing and restructuring, with their attendant staff reductions, have served to exacerbate this "stove piping" culture and raised the level of uncertainty among employees on the stability of their future in the financial management program.

The financial management community's challenge is to foster partnerships such that it is positioned to keep abreast of the rapidly changing environment, assess the needs of its customers, and then respond in a timely and responsive manner with the ultimate goal of achieving a balance between extraordinary customer satisfaction and effective financial stewardship.

We will succeed by increasing the frequency of partnering relationships as measured by the degree to which the financial community participates in the Department's decision making processes.

## Financial Management Perspective

### Status

The Department's mission crosses a wide range of programs from weapons activities, to basic research, to production and storage of petroleum, thereby creating a challenge in identifying performance measures which accurately reflect our accomplishments. The Department has made significant progress over the last several years in relating programmatic

performance to financial measures, however, we recognize that more progress is necessary.

As a result of recent legislative efforts, most recently the Government Performance and Results Act (GPRA), the Department has revised its budget process to relate funding requirements to expected program performance.

## Streamlining the Budget Process

The Department has streamlined its internal budget process by adopting a new quality planning-based budget process which is an integral part of the Department's new Strategic Management System. This system integrates planning, budget formulation, evaluation and budget execution, and defines how the Department expects to manage by results as required by the GPRA, Government Management Reform Act, other laws, and Executive Orders. The shift in this process has resulted in a budget that is mission-driven and performance-based, more informative, and one that is produced in less time at less cost.

The FY 1998 Congressional Budget justifications provided more tables and numbers, and included more performance data which made the budget a more useful document. The Department was also successful in placing the FY 1998 Congressional Budget justifications on the Department's CFO HomePage ([www.cfo.doe.gov](http://www.cfo.doe.gov)) for greater access by the public. The CFO Homepage has also improved the timeliness of issuing budget tables and budget calls to customers.

### Status

Departmental efforts to streamline the budget process is an ongoing initiative. Accomplishments in 1997 included further reductions in budget requirements and improvement in the quality of our Congressional budget presentations.

### Plans

Plans are to make greater use of technology in making information available internally as well as externally to customers. Performance measures will be an integral part of strategic planning, budgeting, and in all aspects of the budget process.

Streamlining the budget process will continue

to be an ongoing initiative for the CFO. Efforts to comply with the GPRA and other mandated requirements, that link the budget to program evaluations and performance reporting, will take several years to perfect and fully implement. The implementation of an

Executive Information System and Financial Data Warehouse coupled with increased partnering with our customers will both streamline the process and produce net resource savings in the way the Department prepares its budget.

## Partnering in Financial Management with Integrated Management & Operating Contractors

The Department relies heavily on integrated management and operating (M&O) contractors, which maintain separate sets of accounts and records for recording all business transactions in accordance with Departmental accounting practices and procedures. Each integrated contractor has a separate and unique financial management system, and there is limited commonality among the contractors except for their ability to report by the Department's requirements.

### Status

In FY 1993, the CFO chartered the Financial Management Systems Improvement Council (FMSIC) to explore ways to improve financial management for the Department's contractors. The FMSIC is now composed of 11 members from integrated management and operating contractors, two operations office representatives, and two permanent members representing the CFO. The FMSIC's vision statement captures the fundamental intent of its activity:

*Improve contractor financial management system processes which will result in increased efficiency and effectiveness through: (a) the sharing of successful*

*approaches (best business practices) and bench marking among contractors, (b) the development of business requirements and common technology for financial management systems, and (c) the identification of systems which lend themselves to common processes in pursuit of standardization.*

Although many activities of the FMSIC are considered longer term initiatives, notable progress has been made toward the objective of Department-wide commonality of financial systems and processes. **FY 1997 Accomplishments include:**

- Seven contractors agreed to share their site's bench marking data which resulted from the Hackett Group bench marking effort.
- The fifth All-Contractors Meeting involved demonstrations by Lockheed Martin Energy Systems of the latest on-line business computing applications as well as discussions of topics including, activity based costing, bench marking, using imaging to support accounts payable processes, digitized and encrypted signatures and the development and usage of

electronic commerce.

- A two day electronic data interchange (EDI) workshop was sponsored by FMSIC and hosted by Lockheed Martin Idaho Technologies.
- The FMSIC Clearinghouse facilitated discussions including indirect charging practices, travel expenses reporting, activity based costing, best practices and lessons learned from outsourcing operations, two-way payment match, and the application of G&A charges to various service centers.
- FMSIC provided “as needed” assistance to the contractors with the identification, collection, normalization, reporting and peer review of functional support costs. FMSIC conducted a pilot at six sites. The results of the pilot assisted with the general roll-out of the functional support cost reporting to the remaining affected contractors.
- FMSIC also assisted studies on materials in inventory and the waste generator proposal.

## Plans

- Examine processes such as foreign transaction reporting and freight reporting to assess the need for contractor spending on these processes. Make recommendations to the Department based on these assessments and seek solutions and

technologies that will result in productivity gains and quality improvements while encouraging the elimination of redundancy.

- Pursue and encourage the sharing of business improvements such as electronic commerce, business process reengineering, strategic performance measurements and activity based costing.
- Sponsor a fundamentals of activity based costing workshop.
- Implement an FMSIC Clearinghouse list server allowing the user community to electronically subscribe to various financial management topics including rapid and broad distribution of information on specific topics of interest to individuals. Continue collecting information which can be shared among the contractors and DOE.
- Continue supporting departmental elements when within the working scope of the Council. Also continue to serve as a liaison between the contractors and the Department by articulating their needs and concerns.
- Analyze functional costs categories for best practices. Identify volunteers for improvement and share with FMSIC members and managers of Environmental Safety and Health, Human Resources and Chief Information Officer.



# CUSTOMER ORIENTATION

The CFO continues to view customer orientation as a cornerstone of the financial management community's strategic philosophy and a principal consideration in measuring performance. As the Department's missions evolve and government re-invention and deficit reduction initiatives take hold, customer needs and expectations of the office are undergoing drastic and often conflicting change. Identifying, accommodating and balancing customer needs continue to

challenge the office.

Efforts in customer orientation are organized into three different types: continuing to develop, promote, and support an internal culture which understands the benefits and methods of customer service; identifying and prioritizing customer needs based on input from the customer; and, combining employee knowledge with customer feedback to initiate product design or improvements.

### ***Customer Outreach and Training***

*Automated travel processing and electronic reimbursement for travel expenses, while benefitting travelers greatly, requires some minimal training. As travelers transition to paperless transactions, there is a new system to understand and new requirements for record retention. In the short run, paperless travel places additional responsibilities on the traveler. To facilitate this transition the Capital Accounting Center developed an extensive outreach and training program.*

*As a result, we realized that implementation must be staged so that each organization would have adequate training and acceptance of the new system. Each office was scheduled to attend introductory courses provided by the Capital Accounting Center. Additional courses are available to cover; preparation of travel documents using the new software; the expected 24 hour processing turn around; customer responsibility for three year record retention; statistical sampling and auditing procedures; and hotline support offered by the CFO.*

*As with all major new initiatives, customer support and education is a cornerstone of successful implementation. The CFO will continue to monitor the new process and support new training initiatives as required.*

## Customer Service Training

### Status

Over the past year, the Capital Accounting Center, with its high volume of direct customer contact transactions, has taken proactive steps to ensure staff maintain positive relationships with customers. Designated Customer Focus Advocates have been responsible for developing and delivering short workshops and coordinated activities which reinforce the organization's understanding and commitment to the office's core values with a strong emphasis on customer service.

### Plans

Additional requirements for staff training have been identified. There will be an event to reinforce the original Customer Awareness training offered to employees. Staff will be notified of existing customer service standards for each office when the new 1998 Customer Service Plan is published. Courses in conflict resolution, and workshops/case studies designed to help employees balance conflicting customer priorities will also be developed in FY 1998.

## Customer Service Plans

### Status

To support and enhance the successful promotion of employee empowerment and front line decision making, clear and consistent guidance and objectives on customer service need to be established and disseminated. The quality customer service mission of the CFO continues to emphasize providing timely, accurate, valuable financial information and services in a courteous and friendly manner with expert guidance. As organizations continue to compete for scarce resources there will be pressure inside the CFO to meet this decline in resources by concentrating staffing resources and improvement efforts on specific products and services identified as core requirements. Meanwhile, experiencing their own decline in staffing resources,

Departmental offices external to the CFO will be looking for the CFO to provide new financial information, services, and analysis to compensate for their losses.

### Plans

Limited resources and conflicting customer expectations require that the office make conscious decisions regarding the most efficient use of resources. To support the development of these decisions at the appropriate level, the office will update the March 1996 CFO Customer Service Plan refining service standards and annually validate identification and prioritization of customers on an organization-wide basis. This effort should be completed by August 1998.

## Customer Satisfaction Surveys

### Status

Customer surveys are a key tool for identifying customer requirements and allocating resources efficiently to meet those anticipated needs. Previous efforts to survey customers had focused on two very divergent areas: the executive levels of first tier and heads of departmental elements, and direct recipients of specific payment services including travelers and vendors. In November, 1996, in an effort to get a cross-cutting organizational reading on how the CFO was performing, organizations within CFO identified over three hundred individuals who directly receive products or services from our office.

A random sample of 35% was selected to participate in a telephone interview process which requested two types of information on any product with which the respondent was familiar: the importance of the product to them; and how satisfied they were with each product. The results of this survey were supplied to the Strategic Planning Team which met at the end of November, 1996 allowing them to target specific areas of customer concern to be addressed in the plan.

For example, survey results indicated that customers would most like to see improvement office-wide in the area of timeliness. Comments in this area reflected a need to gain faster access to information, advice and/or decisions. Customer feedback on specific office products indicated that, although overall customer satisfaction with the products was sufficient, services and products associated with the Departmental Budget

process needed to be refocused to meet the changing needs of the Department. Customers would also like to see the organization take a more proactive leadership role in issuing, interpreting, and reviewing financial policies.

**Service/Product Improvement:** The primary value of customer input and feedback on performance occurs when suggestions and/or complaints are analyzed and used to identify gaps in performance or availability/delivery of products and services. After surveys are completed, it is essential that improvement efforts are scheduled and feedback is given to customers validating the time and effort they contributed in providing their views. The CFO needs to identify and consistently implement a system which completes this feedback loop.

### Plans

The CFO is responding to survey results related to timeliness and budgetary processes and products. Corrective actions incorporated into the Corporate Financial Strategy Plan include increased emphasis on executive information systems and other data warehousing efforts which will make financial information more quickly accessible to clients in a user friendly environment. Other efforts include linking more effectively to the Department's decision making process through increased participation on Departmental committees and other outreach activities with a focus on making financial considerations an integral part of the Department's strategies, operations, and planning efforts. In addition, the Strategic Plan outlines actions including re-examining and re-engineering the budget

process as well as becoming more involved and active in Departmental decision making and financial stewardship issues.

Having completed this third major customer survey effort, we can see the need for improving our surveys. The process and specific questions need to be standardized to allow trending and accurate measurement of

performance in terms of customer satisfaction over an extended period of time. This is critical in determining whether an office and its services are improving and help focus resources on efforts that pay off. An evaluation of past surveys and design of a standard survey and delivery method will be completed by March 1998.

## **Improved Communication with Customers**

### **Status**

The effort to promote and enhance communication between the CFO and its various customers created two new organizations with an emphasis on special areas of customer needs. The Office of Program Liaison and Financial Analysis, brings a new concentration to communications with departmental Program Offices, while continuing to deal extensively with the Field Offices to implement Performance Measures and Performance based management. The Office of Executive Operations and Planning was designed to deal with cross-cutting issues. This office will act as a point-of-contact for any customer requiring assistance in finding the correct party for information or service.

as to provide a forum for discussion and coordination of activities required to address emerging issues. Attendance will consist of key CFO staff members and resource managers from the headquarters program offices.

We will continue ongoing CFO conference calls which are held monthly with members of the Departmental CFO community for discussion of emerging issues and exchange of information.

We have begun using a CFO HomePage as an avenue to communicate quickly with internal and external parties interested in acquiring financial documents and tabular information which are public information.

### **Plans**

In addition to these formal organizational changes created to enhance customer access to the CFO, new "Finance Team" meetings are being piloted to bring the financial community together. These meetings are designed to provide an avenue to bring all participants up to date on new financial developments as well

A new Financial Bulletin issued electronically will be periodically released to keep the financial community advised of Budget Developments, new financial initiatives, and legislative actions which impact the offices. Issues which require discussion will then be scheduled as agenda items for the next Finance Team meeting.

## Financial Management Strategic Plan

### Status

Customer input to the CFO Strategic Plan was solicited at two stages. First, as described above, customers were surveyed using a comprehensive list of core products and services to determine where gaps between customer expectations and CFO performance existed. Second, Congressional Appropriations staff briefed the planning team regarding their perspective on the future of the Department and financial services required to support the Department. Program resource managers and budget analysts from the Office of Management and Budget participated on the planning team.

At the end of the planning process, the Strategic Plan was presented during the Annual CFO Conference in June, 1997. At this time, each of the proposed strategies was presented and reviewed with participants from

Program and Field offices. A workshop was then held where participants were requested to provide additional input in terms of suggested modifications of objectives, additional objectives, or requests for increased emphasis on particular action items.

### Plans

The CFO Strategic Plan will be published and distributed in the last quarter of FY 1997. This document is currently being revised to reflect customer input and comments. Feedback on the implementation phase and additional comments received after the final draft has been completed will be compiled and provided to the next Strategic Planning Team for input for future plans. This information will also be incorporated, as appropriate, into the tactical and operational plans which will directly result from the Strategic Plan.

## Self-Assessment

### Status

Organizational self-assessment based on the Baldrige/Presidential Award Criteria has been promoted by the Department to analyze, evaluate and identify areas for systemic improvement. The CFO assessment conducted in March, 1995 identified leadership and measurement/trending issues which have been addressed over the past years.

### Plans

The CFO plans to conduct and complete a second self-assessment before December, 1997. Results of this second assessment will then be compared to the baseline results gathered in March, 1995 to determine the level of success in organization achievement/improvement.

# Human Resources Management

**H**uman Resource Management is one of the most critical components contributing to a financial management community's ability to achieve its mission. Human Resource Management encompasses all aspects of selecting, developing and maintaining a highly competent and motivated staff, including communications, recognition, evaluation, training, and promotion. We must make optimal use of all employees while adjusting to significant changes in staffing resulting from downsizing, re-engineering, reductions in force, and buy out actions. Our recent efforts have focused on developing new financial leaders, providing developmental opportunities and increasing diversification of the work force as opportunities arise.

The CFO recognizes the need to supplement traditional employee development with organizational development to encourage employees to utilize their full capacities. The CFO has developed and executed a series of initiatives directed toward Recruitment, Selection, and Development of financial management personnel. These include development and implementation of standard

personnel documents (positions descriptions, performance standards, qualification standards and ranking factors) for senior financial management positions and a comprehensive training program for the Department's financial management personnel.

The CFO has also entered into Partnership Agreements with employees and their union representatives to foster within the office a cooperative, constructive working relationship. The CFO Mentorship Program and Diversity Plan are outcomes of this partnership.

It is our belief these activities will allow the organization and each employee to respond more productively to achieve our mutual goal: To build a high-caliber financial management work force focused on mission accomplishments and recognized as best among peers, making optimal use of current staff, diversity and development, recognition, and staff empowerment.

### ***CFO Reorganization; A Partnership Success***

*In the Fall of 1995, the Controller, CFO Office Directors, and NTEU assembled a cross-functional, diverse, self-directed team to examine possibilities for reorganizing the Office of CFO. The team was comprised of a senior manager,*

*line supervisors, and bargaining unit employees appointed by the National Treasury Employees Union. The Team also called upon other CFO staff members, such as Customer Focus Advocates and Management and Operating contractor staff detailed to the CFO organization, to assist in data collection and analysis.*

*The initiative was driven by three factors:*

- some segments of the Office were changing missions or methods of delivering services;*
- recognition of the Secretary's Strategic Alignment Initiatives reduced staffing targets; and*
- realization that buy-outs, reduced staffing allowances, and other attrition were going to result in the loss of a great amount of institutional knowledge.*

*With staffing reductions and the loss of senior employees, it was necessary to look for organizational changes and efficiencies that would allow essential financial services to continue and customer demands to be met at a lower cost and staffing level.*

*The new organizational structure and redefined roles and responsibilities have been instrumental in the ability of this office to continue functioning at a high level of performance despite going through a reduction of thirty-three employees, 13% of the workforce, during the first quarter of this year.*

## **Labor/Management Partnership Council**

### **Status**

The CFO and the National Treasury Employees Union (NTEU), Chapters 213 and 228, have entered into a new agreement this year to establish a Partnership Council. The original Partnership Charter expired and the Department is adopting these partnership councils in their place. Our goals are to foster within the CFO a cooperative, constructive

working relationship between the NTEU and CFO, to establish an atmosphere of mutual respect and trust, and to develop mutually acceptable means to accomplish the CFO mission.

We recognize that partnership does not mean that the partners give up their individual interests, rather, that they work cooperatively to find win-win solutions. This partnership creates the opportunity to use the knowledge,

skill, creativity, wisdom, experience, enthusiasm, and versatility of all CFO employees to improve the way we accomplish our mission. Our recent experience of partnering between labor and management (including the reorganization) encourages us to continue exploring issues of mutual interest. The Partnership Council continues the foundation of good work established under the former Partnership Agreement.

## **Plans**

The Council Leadership includes the Chief Financial Officer and the two Chapter Presidents of National Treasury Employee Union. These leaders are supported by a council working group (council) organized to deal with issues as they arise. The council

will be comprised of six members, one member of Chapter 213 and two members of Chapter 228 and three members representing CFO management. The council will be available “on call” but will conduct regular business at a monthly meeting. The Council Leadership and working group will meet once every three months to share information.

We expect the partnership to influence a broad range of CFO issues. We envision its initial activity to include the following list of items: Strategic and Five Year Plans; Quality in CFO; Customer Service; Self Assessment; and Human Resource Management (especially follow-on items related to the CFO reorganization). In addition, the Council affords the standing capability to deal with emerging issues on a “real time” basis.

## **Recruitment and Staffing**

### **Status**

In general, DOE HQ and field organizations independently develop and execute approaches for recruiting. The CFO provides assistance in recruiting for senior field positions in response to requests from field managers. As a result of downsizing at the Department, we have limited ability to recruit or staff from outside the CFO. For the last two years we have operated under a hiring freeze and expect the same condition in the near future.

The United States Government CFO Council has established the Human Resources Committee (HRC) to assist CFOs in improving recruitment, retention, performance, and training of financial management personnel within the Federal Government. The CFO

initiated a comprehensive Financial Management Development Program in 1992 (discussed below) which seeks to improve financial management at the Department.

Core competencies for key financial personnel will provide the foundation for building a quality workforce. The HRC has completed this effort for employees in the GS-334 Computer Specialist series. It will next address the GS-501 Financial Systems Analysts series.

The HRC will support a productive partnership with the Federal Human Resources community in order to provide education and information to Federal managers regarding existing flexibilities in personnel practices, as well as to pursue new authorities where



needed to enable financial managers to compete for and retain highly qualified personnel.

## **Plans**

Downsizing at the Department has contributed to the decline in talented and experienced financial staff. Our recent efforts have focused on developing the new financial leaders and on shifting staff to critical financial services.

Staff training is essential to our success. The CFO's Financial Management Development Program and the Mentoring Program are two efforts at developing our staff and creating a flexible workforce to address current and future staffing needs.

We will monitor closely the HRC working group which is seeking solutions to issues of recruitment and retention of highly qualified financial personnel in the Federal sector.

## **Financial Management Developmental Program**

### **Status**

The CFO established a developmental program for financial management personnel in 1992 as part of a comprehensive program to improve the Department's financial management. The Financial Management Developmental Program (FMDP) is directed toward developing financial management professionals who can apply comprehensive and thorough financial management techniques to the budgetary and fiscal management of DOE's programs. The program is for financial staff at all career levels and focuses on accounting technicians, accountants, budget analysts, and financial managers. Key components of the program include standard curricula, rotational assignments, individual development plans, and a formal certificate program.

Management at DOE" was originally a two week course designed for all entry-level, professional financial management employees. The course was piloted in 1994, taught four times in 1995, and three times in 1996. In recognition of declining resources available for travel costs and personnel time, in late 1996 the course was condensed to eight days of training. However, the eight modules of the course - Federal organization, DOE missions and organization, budget formulation, budget execution, basic DOE accounting, financial reports and systems, financial reviews, and current/future CFO issues - were maintained. The class is still designed for a mixture of Headquarters and field participants from accounting and budgeting and is still taught by teams of volunteer instructors from across the entire CFO community. At present 22 volunteer instructors are participating.

### **Introduction to Financial Management at DOE**

The course, "Introduction to Financial

There was a hiatus in presentation of this course during much of FY 1997 to allow for redesign and re-evaluation of requirements. Based on a strongly expressed desire from

field offices for continuation of the course, a decision has been made to continue to present this course twice a year. The next class is scheduled to be presented in November of 1997.

## **Certificates**

The CFO presents formal certificates of achievement to employees who complete the requirements of a designated FMDP curriculum. Satisfaction of these requirements represents accreditation for DOE's financial management professionals. As of June 1997 over 400 certificates of achievement have been awarded, with many employees accomplishing successive levels of certification.

## **Interagency Projects**

The Financial Management Career Council Program Directors will continue to participate in current interagency projects to improve the quality of federal financial management. These efforts take place under the direction of the Human Resources Committee of the President's CFO Council and the Joint Financial Management Improvement Program (JFMIP). The projects include the annual Interagency Financial Management Training Symposium, and continuing efforts in support of core competencies for financial management personnel.

## **Feedback**

It is essential that the CFO receive accurate and timely program feedback from employees and financial managers. The FMDP uses formal and informal evaluation processes to gather feedback. Formal course evaluations,

informal participant feedback, and comments from supervisors and managers have all been overwhelmingly positive. The FMDP continues to receive strong support from OMB, JFMIP and the GAO. FMDP program materials are shared with all interested federal agencies.

## **Plans**

The CFO will continue to offer the course, "Introduction to Financial Management at DOE", and will continue to award certificates of achievement to those employees who satisfactorily complete the requirements. The CFO will also maintain support of interagency projects to improve the quality of federal financial management and to meet with other agencies and interested groups on the FMDP.

Future efforts will include updating existing materials and self-studies, and developing new ones. Development of new self studies will be accomplished by Field CFOs who have volunteered to take on this task. The possibility of developing curriculum to meet the needs of experienced, mid-level employees in the DOE financial community will be explored. The possibility of an annual seminar of current topics for mid-level financial managers will also be discussed. Additionally, more training slots in the "Introduction to Financial Management at DOE" course will be opened to DOE financial personnel outside of the CFO as well as to DOE-contractor financial personnel and personnel from other federal agencies.

In order to continue to provide financial management development even as resources

decline, a number of initiatives will be pursued. Specifically, the possibility of using a working capital fund for FMDP cost sharing with DOE contractors and other Federal agencies will be explored. And emphasis will be placed on

cost efficient training methods such as computer-based training, distance learning, and TeleVideo conferencing.

## **Mentoring**

The first class of the CFO Mentoring Program was a success for this office, for the mentees who learned new job skills and ultimately graduated to more responsible positions, and for their mentors. The office and its employees will continue to transition from clerical and technician jobs to professional jobs. This will allow us to improve our products and processes with fewer people in this period of downsizing. The CFO Mentoring Program will help match employee interests and talents to our future skills needs.

### **Status**

In September 1997, the CFO convened the second class of the CFO Mentoring Program to assist employees in the establishment of career goals and the development of a career path to achieve career goals through the use of an individual development plan. This program provides coaching and counseling support to

the employee to assist them in realizing career goals. Employees enrolling in the program were provided a number of on-the-job experiences and other opportunities to enhance their basic skills. Employees wishing to change career series within the CFO or to an external organization receive support and advice through the Mentoring program to assist in this transition. Over 30 employees successfully participated in the pilot offering of this program as either mentors or mentees. Feedback from employees participating in the pilot program was incorporated into the design of the CFO-wide program .

### **Plans**

The second class of the program will be concluded in September 1998.

## **Diversity**

The CFO shares the belief that where diversity exists, there is an eagerness to learn and a willingness to accept and value the differences of others. Accordingly, a CFO goal has been established to become a model employer of talented, committed individuals who reflect the Nation's diversity. Achieving and maintaining diversity goals is especially challenging during

a period of continuing downsizing. We are encouraged by our success this year when we experienced a 17% decline in employment yet improved our diversity profile.

### **Status**

Diversity within the CFO has been evaluated

by the Diversity Planning Team (DPT). Among the team's accomplishments is an action plan for a diversity program. The plan provides for the establishment of a Diversity Council, partnered by the CFO and the NTEU. The Council will provide oversight of our Diversity Program.

The plan describes seven critical core elements necessary to accomplish diversity goals within the CFO. The seven elements are:

- **Management** - Diversity is a leadership issue. To ensure accountability, each appraising officer will have a diversity critical element added to his/her performance plan.
- **Inclusion** - All employees are valued for their contributions to the organization.
- **Opportunity** - Through recruitment and promotion at all levels, the CFO will create and broaden opportunities for an increasingly diverse workforce.
- **Comprehensiveness** - Diversity will be taken into consideration in every aspect of CFO activities.
- **Accountability** - All employees are entitled to fair and timely processing of their complaints. The CFO's administrative grievance procedure will be strengthened through partnering with NTEU and others.
- **Training** - The CFO directs all managers to participate in training on the Diversity

Policies and Conflict Resolution techniques.

- **Evaluation and Communication** - The Diversity Council will monitor diversity policies and programs, evaluate their effectiveness, and facilitate communication on a continuing basis throughout the CFO organization.

## Plans

Implementation of the CFO Diversity Program began September 1, 1997. Implementation will include the following:

- A cultural assessment of CFO to determine its current climate, strengths and areas that need improvement.
- Present results of the assessment to employees.
- Train-the-Trainer program on diversity issues.
- Diversity awareness programs for employees and managers using CFO employees as trainers.
- Additional diversity awareness training for senior CFO managers that will focus on the legal aspect of diversity issues as well as other management issues.
- Diversity outreach program to generate more employee awareness on diversity issues.

# TECHNOLOGY/INFORMATION ARCHITECTURE

## Financial Systems

**O**ffice of Management and Budget (OMB) Circular A-127, “Financial Management Systems” prescribes policies and procedures to be followed by executive agencies in developing, operating, evaluating, and reporting on financial management systems. This circular requires each agency to establish and maintain a single integrated financial management system, which may be supplemented by subsidiary systems that are based on the principle of single-entry input and electronic transfer of data. The Chief Financial Officer (CFO) Act reinforces the need to develop and maintain an integrated agency accounting and financial management system.

The conceptual worth of a single integrated financial management system is undeniable. An integrated system that uses standardization procedures, data classifications, and definitions ensures consistency of data gathering and

understanding. It is also useful in the management and control of program operations and budget execution. An integrated system eliminates redundancies, duplicative costs, reconciliations of data identifications, control and applications.

The CFO is committed to improving financial management systems throughout the Department of Energy (DOE). Various planning meetings and conferences related to systems improvement efforts continue to be conducted, thereby ensuring customer and stakeholder involvement.

The following discussion begins with a **Baseline** of relevant systems, then an **Assessment** of current systems (including year 2000 issues), concluding with **Target Structures** for systems.

## Baseline of Financial and Mixed Systems

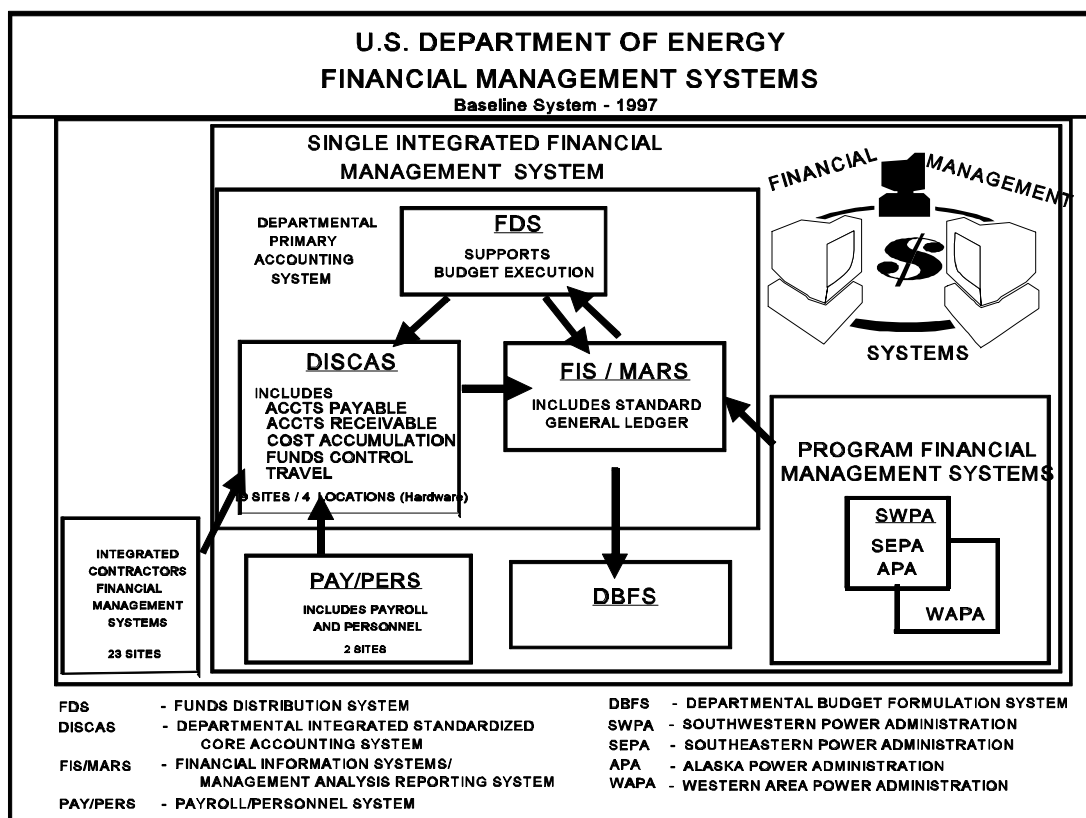
### Single Integrated Financial Management System

The Department’s theme in implementing the Single Integrated Financial Management System (SIFMS) has been to emphasize standardization of data element definition and

use and to promote systems consolidation, including the integration of accounting and budgeting information. DOE SIFMS is composed of the Departmental Primary Accounting System, the Payroll and Personnel System, the Departmental Budget Formulation System, and the Power Marketing Administrations’ program financial

management systems. Figure 2 depicts the schematic of SIFMS.

Figure 2.



Currently, all component systems of the Department's SIFMS are in general compliance with the principles, standards, and requirements issued by OMB, Treasury, GAO, and the JFMIP.

An inventory of the Department's current financial management systems appears in Appendix B.

## Need for Financial Management Information

The Department's financial management

systems do not currently provide easy and timely access to key financial information needed in support of day-to-day decision making. To ensure that managers have the information they need, and in the desired format, the CFO has initiated the following projects which will provide an effective means of capturing data and making business information available to executives and senior managers to support the decision making process and achieve the goal put forward in GPRA. These projects provide the bridge between our baseline and target structure for financial and mixed systems.

## **Corporate Executive Information System:**

The CFO's Office, in cooperation with the Office of Chief Information Officer (CIO), has undertaken an initiative to identify and implement a corporate Executive Information System (EIS) for Department-wide use. The corporate EIS will provide executives and senior managers the ability to immediately access summary financial and programmatic information at their desktops. The EIS will support analyses for management business decisions as well as provide information for external summary level reporting. The EIS will become a primary tool for managing programmatic performance in order to comply with GPRA requirements.

As part of this effort, an EIS Information and Technology Workshop was held in March 1997. The workshop provided a medium for information exchange and was an integral part of the process to identify financial information requirements and evaluate EIS software before making an information technology investment.

The EIS initiative includes Headquarters and Field organizations partnering as stakeholders to share corporate knowledge, resources and benefits. Implementation of the corporate EIS will be a phased approach, addressing business information requirements on a priority basis. The initial system will provide information in the following functional areas: uncosted obligations, travel, functional costs, program direction/Departmental Administration, and employee demography. An EIS pilot system

was implemented on September 30, 1997, providing selected financial information to executives and senior managers at Headquarters and the Field.

## **Financial Data Warehouse:**

The Financial Data Warehouse (FDW) project was initiated to create a single source of Departmental financial data that could be easily accessed at the user's desktop. The FDW will improve data reliability and consistency, and provide flexibility for managers and staff to respond to requests for financial information to the corporate Executive Information System and will be developed in a manner which will allow integration with other Departmental data warehouses. Activities for FY 1997 included the establishment of a development/test environment; creation of a prototype database for demonstration, analysis, and data validation with financial information extracted from the Management Analysis Reporting System (MARS); and interviews with CFO and Program Offices representatives to develop information requirements.

## **Financial Management Information System:**

A major initiative will be started in FY 1998 to develop, acquire, and implement a contemporary comprehensive Financial Management Information System (FMIS) to replace the Departmental Primary Accounting System.

## **Assessment of Current Financial Management Systems**

### **Status**

#### **Single Integrated Financial Management System:**

The Department's financial management system is vulnerable to such turn of the century operational difficulties as incorrect century, arithmetic calculations, dates used as special values, sequence, and data sharing. To address these concerns, the CFO has budget and accounting representation on the HQ Year 2000 Team. All CFO systems impacted by Year 2000 have been identified and plans are being developed to take corrective action. The Year 2000 level of effort appears manageable and will be performed during FY 1997 through FY 1999 as general systems maintenance.

#### **Departmental Primary Accounting System:**

#### **Departmental Integrated Standardized Core Accounting System:**

A major milestone in the accounting consolidation effort was achieved by successfully migrating the computer hardware/software operations of nineteen Departmental Integrated Standardized Core Accounting System (DISCAS) sites to three. Upon the completion of this effort, a major DISCAS software release was issued to establish a new core baseline to strengthen standardization and improve operational efficiency. Two additional software releases were issued during FY 1997 to accommodate the consolidation of

all payments activities at the service centers, automatically interface Travel Manager with DISCAS, and begin the final phase of accounting consolidation which is the establishment of one consolidated database at each service center.

#### **Management Analysis Reporting System:**

The Department continued development efforts to replace the current Financial Information System with Management Analysis Reporting System (MARS). FY 1997 Phase IIIA activities included the implementation of the Standard General Ledger transaction database using a comprehensive crosswalk, development of the core financial reports, expanded ad hoc reporting capabilities, interface to the Executive Information System and Financial Data Warehouse, and system support for the preparation of the Departmental financial statements.

#### **Funds Distribution System:**

The Funds Distribution System (FDS) provides for the distribution of all obligational authority available to DOE for the fiscal year. This system facilitates single-source entry of data, standardizes automated interfaces with major headquarters programs and field components and automates the distribution of congressionally appropriated funding authority levels of DOE programs for all departmental elements, both in the field and at headquarters. Programming modifications were performed to accommodate recently imposed OMB



restriction requirements.

### **Departmental Budget Formulation System:**

The Departmental Budget Formulation System (DBFS) consists of several small systems that provides budget control and statistical tables, automates access to the creation, maintenance, processing, printing and transmission of project data sheets, and enables Program offices to input funding amounts by program activity and rank their budget at three levels. One such system, the Program Funding by Contractor and Location System (PFCLS), is being redesigned from a PC-based distributed database system to a client/server based centralized system in an effort to interface with other DOE systems and simplify the data input process and the resulting data verification process. A prototype, the Program Activity by Location Systems (PALS), was built this fiscal year, with testing, modifications, data conversion, user training and feedback occurring in the first and second quarters of FY 1998.

### **Payroll and Personnel System:**

A study was initiated in 1994 to identify alternatives to ensure long term automated systems support for human resource information processing including Department wide payroll services. After evaluating several alternatives and the associated costs and risks, it was determined in 1995 to proceed with the cross-servicing alternative whereby the Department would contract with another Federal agency for human resource information processing services. This alternative provided the greatest benefits to the

Department and was also the most effective. An Executive Steering Committee was established to oversee this project and five functional area teams were formed to gather detailed information. An in-depth evaluation of the service providers was conducted and a recommendation was made to the Executive Steering Committee. After presenting the recommendation to the senior Departmental management, the Committee received approval to proceed with the recommendation.

In January 1997, a Memorandum of Understanding (MOU) was signed with the service provider which included a requirement that a design concept and cost proposal be provided by the service provider for an interface with the Department's Corporate Human Resource Information System. The MOU was ratified in an Interagency Agreement in May 1997. Interface design and initial payroll conversion meetings were also held with the service provider in May 1997. Due to concerns raised on the technical feasibility and cost effectiveness of the interface, and slippage of the service provider's implementation schedule, a contingency planning strategy has been developed and is being implemented.

### **Standard Power Marketing Administration Financial Management System:**

In FY 1996, a multi-disciplinary, cross-functional team was formed to assess the ability of Western Area Power Administration's present financial management system to meet the financial and information needs for a competitive electric utility company. As a result of this assessment,

Western has elected to replace its current financial management system to make use of the latest state-of-the-art software, contributing to a more user friendly and businesslike environment. Implementation of the new system is scheduled for January 1, 1999. Southwestern and Southeastern Power

Administration will evaluate the system selected by Western; and, if considered cost-effective, will implement the same system. If not, Southwestern's Integrated Accounting System will be upgraded to incorporate more current technology.

## **Target Structure for Financial and Mixed Systems**

### **Plans**

#### **Single Integrated Financial Management System:**

The Department continues its efforts to standardize and consolidate its financial management system into one modern, well-planned and well-designed single integrated financial management system (SIFMS). This system will support the Department's business and organizational needs through enhanced information processing and improved timeliness and usefulness of financial management information disseminated Department-wide. Customers and stakeholders will use this information to make decisions pertaining to budgeting, accounting, payroll, programmatic administration, and financial strategic planning. Figure 3 depicts the planned DOE SIFMS, FY 2002.

#### **Departmental Primary Accounting System:**

#### **Departmental Integrated Standardized Core Accounting System:**

The completion of the accounting

consolidation effort is scheduled for FY 1999 and most of the FY 1998 Departmental Integrated Standardized Core Accounting System (DISCAS) software development activities will be to support that effort. Operational efficiencies such as improved integration with the Management Analysis Reporting System (MARS) and additional automation opportunities will be pursued during the next several years. Analysis of Year 2000 impacts has begun and required software modifications will be performed simultaneously with development/maintenance activities.

#### **Management Analysis Reporting System:**

Complete the final phase of the Management Analysis Reporting System (MARS) development project which includes the development and implementation of all external consolidated reporting requirements, expanded financial statement reporting, automated tie-point analysis/reconciliation, and the formal retirement of the Financial Information System.

## Funds Distribution System:

The CFO is investigating the possibility of converting the Funds Distribution System (FDS) to a web browser environment. By employing this technology, FDS may be able to improve effectiveness, usability and provide greater overall flexibility. Inherent advantages such as online ad hoc query capabilities,

automated electronic interfaces and electronic (digital) signature technology will be investigated to determine if a further reduction of the paper-intensive elements of the process are feasible. Improved operational effectiveness and greater flexibility in printing/reporting may be achieved while incorporating this approach.

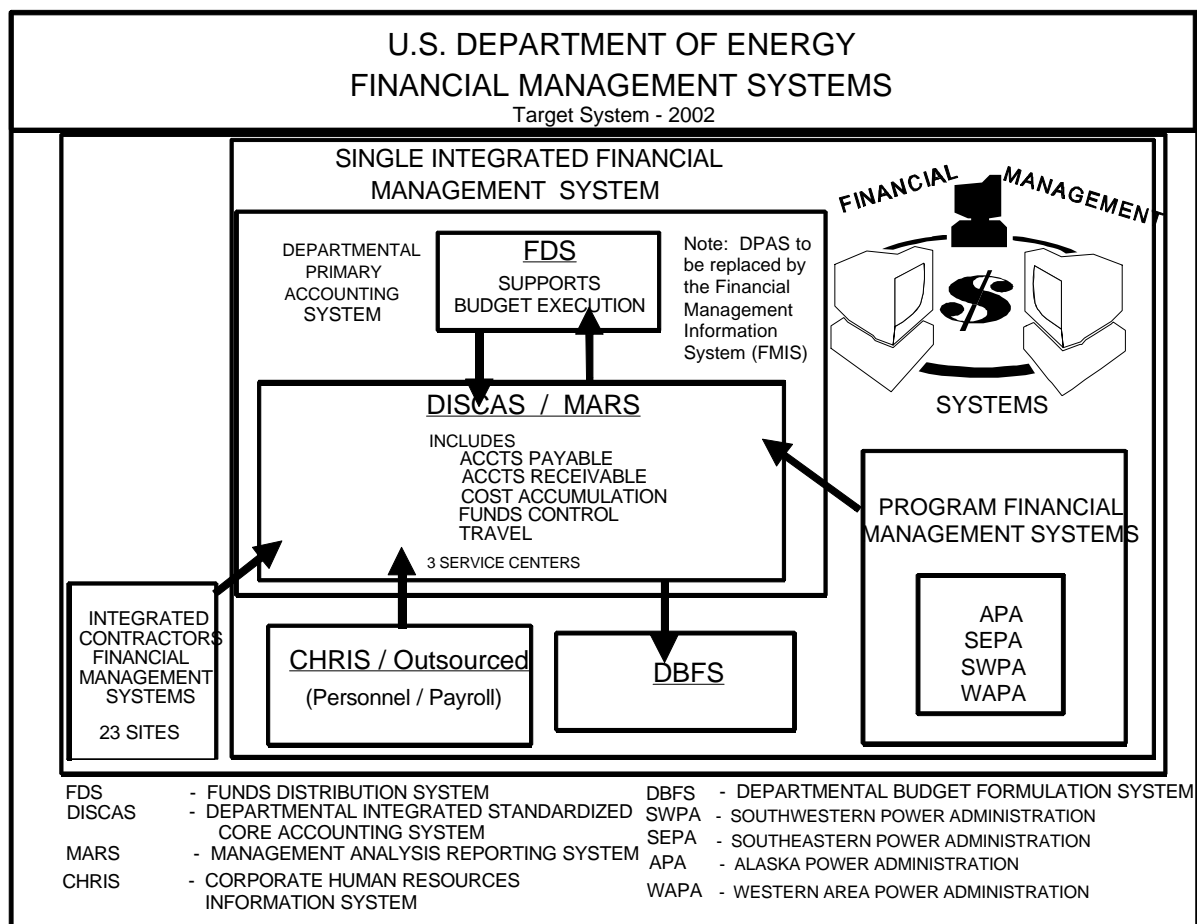


Figure 3.

## **Departmental Budget Formulation System:**

The goal is to improve operational effectiveness of the multiple budget formulation systems and to interface with existing systems to improve the data integrity between the systems. These systems will feed the Financial Data Warehouse. Several systems are to be redesigned and are expected to be operational by the end of FY 1998.

## **Payroll and Personnel System:**

In conjunction with completion of the contingency planning strategy, the next steps will be to complete the evaluation of the service provider's interface proposal and finalize plans for a service provider. The development of the interfaces to the service provider, formulation of a liaison organizational structure, and the development of formal transition plans are expected to occur during the FY 1997-1998 time period. Final cross-servicing initiatives to execute conversion, training, and implementation are targeted for FY 1998.

## **Standard Power Marketing Administration Financial Management System:**

The Western Area Power Administration will continue its efforts to replace their current financial management system. Projects scheduled include review user and decision information needs, revise systems and functional requirements, and procure the necessary hardware and software.

Implementation of the new system is scheduled for January 1, 1999. Southwestern and Southeastern Power Administration will evaluate the system selected by Western; and, if considered cost-effective, will implement the same system. If not, Southwestern's Integrated Accounting System will be upgraded to incorporate current technology.

## **Executive Information System:**

Efforts continue for Department-wide deployment of the corporate Executive Information System (EIS). Plans include further identification and refinement of corporate financial and programmatic information requirements. Future expansion includes performance milestones to provide the program offices the capability to better manage, track, and report on performance measures as required by GPRA. Departmental organizations are partnering as stakeholders to share resources for the implementation of the corporate system to include the purchase of network hardware and software. The EIS will utilize the Department's Business Network (DOE-BN) for transmission of data to Field sites located nationwide.

## **Financial Data Warehouse:**

Deploy the initial Financial Data Warehouse to the CFO, Headquarters Program Offices, and Field Offices in the first quarter of FY 1998. The FDW will be expanded to include additional sources of Departmental financial data to assist with budget formulation, budget execution, accounting, and program management.

## **Financial Management Information System:**

A Strategic Information Management (SIM) Process will be initiated in FY 1998 to focus on Departmental business processes and financial information requirements. The initial project scope will also include a review of

GSA approved vendor financial systems, other federal agency financial systems, and opportunities for outsourcing system processes and/or accounting functions. The results of these activities will be used to formulate an acquisition/implementation strategy.

**MILESTONES**

**FOR IMPLEMENTATION**

**OF THE FIVE YEAR PLAN**

## Financial Stewardship

| ACTIVITY  | FISCAL YEAR |      |      |      |      |
|---|-------------|------|------|------|------|
|   | 1997        | 1998 | 1999 | 2000 | 2001 |
| Prepare Department-wide <b>audited financial statements</b>   | X           | X    | X    | X    | X    |
| Review and modify departmental <b>Accounting Standards and Principles</b>   | X           | X    | X    | X    | X    |
| Evaluate and ensure proper accounting control over inventories and material   | X           | X    | X    | X    | X    |
| Collect and monitor <b>prompt payment</b> data  | X           | X    | X    | X    | X    |
| <b>Electronic Exchange:</b>   |             |      |      |      |      |
| Implement an EDI-enabled small purchase procurement system Department-wide  | X           | X    |      |      |      |
| Participate in pilot program on electronic data interchange/on-line payment and collection system with Defense Finance and Accounting Service | X           | X    |      |      |      |
| Expand host-to-host payment schedule transfer capability  | X           | X    |      |      |      |
| Implement electronic funds transfer provisions of the Debt Collection Improvement Act (DCIA)  | X           | X    | X    |      |      |
| Implement debt collection provisions of the DCIA  | X           | X    |      |      |      |
| Develop an interface between DISCAS and E-Mail to send remittance advices to vendors and travelers via internet                               | X           |      |      |      |      |
| Procure, test, and implement the U.S. Air Force electronic signature capability   | X           | X    |      |      |      |
| Complete major system enhancements for payment processing   | X           |      |      |      |      |
| <b>Performance Measurement and Accountability:</b>  |             |      |      |      |      |
| Conduct field office performance based self-assessments and on-site business management reviews   | X           | X    | X    | X    | X    |
| Explore approaches to implementing consolidated accountability reporting  | X           | X    | X    |      |      |
| Implement GPRA requirements   | X           | X    | X    | X    | X    |
| Implement functional cost reporting and analysis activities   | X           | X    | X    | X    | X    |

**Accounting Consolidation:**

|   |   |   |   |  |
|---|---|---|---|--|
| Consolidate all travel and vendor payment activity at three service centers | X |   |   |  |
| Merge service center and satellite DISCAS databases                         | X | X | X |  |

**Full Partnership**

| Activity   | Fiscal Year |      |      |      |      |
|--|-------------|------|------|------|------|
|  | 1997        | 1998 | 1999 | 2000 | 2001 |
| Update and disseminate the CFO Financial Management Strategic Plan | X           |      |      |      |      |

**Customer Orientation**

| Activity   | Fiscal Year |      |      |      |      |
|--|-------------|------|------|------|------|
|  | 1997        | 1998 | 1999 | 2000 | 2001 |
| Develop instructional handbooks and training seminars on travel issues | X           |      |      |      |      |
| Customer Service Training  |             | X    |      |      |      |
| Customer Service Plan  |             | X    | X    | X    | X    |
| Customer Satisfaction Survey   |             | X    |      | X    |      |
| Complete a self-assessment of CFO organization                         | X           |      | X    |      | X    |



## Human Resources

| Activity   | Fiscal Year |      |      |      |      |
|--|-------------|------|------|------|------|
|  | 1997        | 1998 | 1999 | 2000 | 2001 |
| Utilize the Labor/Management Partnership Council as planned                        | X           | X    | X    | X    | X    |
| Evaluate staffing to ensure equal employment opportunity and the proper skills mix | X           | X    | X    | X    | X    |
| Utilize FMDP and continually refine its products and increase its scope            | X           | X    | X    | X    | X    |
| Evaluate and improve CFO Mentoring Program and expand its use                      | X           | X    | X    | X    | X    |
| Expand the Mentoring program CFO-wide  | X           | X    | X    | X    | X    |
| Implement the CFO Diversity Plan   | X           | X    | X    | X    | X    |

## Technology/Information Architecture

| Activity   | Fiscal Year |      |      |      |      |
|--|-------------|------|------|------|------|
|  | 1997        | 1998 | 1999 | 2000 | 2001 |
| Modify the DISCAS to support accounting consolidation  | X           | X    |      |      |      |
| Redesign the FIS as the MARS   | X           | X    |      |      |      |
| Consolidate accounting processing centers and functions  | X           | X    | X    |      |      |
| Continue Department's payroll system cross-servicing initiative  | X           | X    |      |      |      |
| Develop and implement EIS  | X           | X    | X    |      |      |
| Develop and deploy initial FDW   | X           | X    |      |      |      |
| Develop and implement FMIS   |             | X    | X    | X    | X    |
| Redesign several budget formulation subsystems to interface with existing systems  | X           | X    |      |      |      |
| Redesign Western Area Power Administration's financial management system, integrating the financial management systems of Southwestern, Southeastern, and Alaska Power Administrations | X           | X    | X    |      |      |

# Inventory of Financial Management Systems

This appendix provides DOE's FY 1997 financial systems inventory information, as required by OMB Circular A-11. In accordance with this guidance, the Department updated its FY 1997 inventory submission, using the inventory program provided by the Office of Federal Financial Management.

## FINANCIAL MANAGEMENT SYSTEMS INVENTORY

| System<br>Acronym | System Name                                   | Application<br>Reference | Agency DOE | Application Name                    | Type | Fin/<br>Mixed | Status      |
|-------------------|---|--------------------------|------------|-------------------------------------|------|---------------|-------------|
| All Applications  |   |                          |            |                                     |      |               |             |
| Bureau DOE        | OMB Reporting Indicator R                     |                          |            |                                     |      |               |             |
| CA\$H-LINK        | Cash-link                                     | CA\$H-LINK               |            | Treasury Cash-link                  | G    |               | OPERATIONAL |
| GOALS             | GOALS   | DATACOLLECT              |            | GOALS Data Collection               | G    |               | OPERATIONAL |
| GOALS             | GOALS   | OPAC                     |            | Online Payment and Collection       | G    |               | OPERATIONAL |
| MAX               | MAX   | A-11                     |            | OMB Budget Data Collection          | G    |               | OPERATIONAL |
| SIFMS             | Single Integrated Financial Management System | DBFS                     |            | Departmental Budget Formulation Sys | B    | F             | OPERATIONAL |
| SIFMS             | Single Integrated Financial Management System | DPAS/DISCAS              |            | Dept'l Primary Acct'g Sys/Dept Acct | C    | F             | OPERATIONAL |
| SIFMS             | Single Integrated Financial Management System | DPAS/FDS                 |            | Dept'l Primary Acct'g Sys/Fund Dist | C    | F             | OPERATIONAL |
| SIFMS             | Single Integrated Financial Management System | DPAS/FIS                 |            | Dept'l Primary Acct'g Sys/Fin Rept  | C    | F             | OPERATIONAL |
| SIFMS             | Single Integrated Financial Management System | DPAS/MARS                |            | Dept'l Primary Acct'g Sys/Mgr Anal  | O    | F             | PHASED      |
| SIFMS             | Single Integrated Financial Management System | PAY/PERS                 |            | Dept'l Integrated Payroll/Personnel | P    | M             | OPERATIONAL |
| SIFMS             | Single Integrated Financial Management System | PAYOUTSOURCE             |            | Payroll Outsourcing                 | P    | M             | DEVELOPMENT |
| SIFMS             | Single Integrated Financial Management System | PFMS                     |            | Standard Power Marketing Admin Fin  | C    | F             | DEVELOPMENT |
| SIFMS             | Single Integrated Financial Management System | SWPA, SEPA,              |            | Southwestern, Southeastern & Alaska | C    | F             | OPERATIONAL |
| SIFMS             | Single Integrated Financial Management System | WAPA                     |            | Western Area Power Administration   | C    | F             | OPERATIONAL |
| STAR              | Treasury STAR system                          | STAR                     |            | Treasury STAR                       | G    |               | OPERATIONAL |

TOTAL APPLICATIONS FOR BUREAU/REPORTING INDICATOR COMBINATION: 15  
TOTAL APPLICATIONS FOR BUREAU DOE: 15  
TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT: 15

FINANCIAL MANAGEMENT SYSTEMS INVENTORY

| System<br>Acronym  | Application<br>Reference | Description  | Agency | DOE | Functions Supported (Indicators Checked)     |
|--|--------------------------|--|--------|-----|--|
| Bureau   | DOE                      | OMB Reporting Indicator  | R      |     |  |
| CASH-LINK  | CASH-LINK                |  |        |     |  |
| GOALS  | DATACOLLECT              |  |        |     |  |
| GOALS  | OPAC                     |  |        |     |  |
| MAX  | A-11                     |  |        |     |  |
| SIFMS  | DBFS                     | Budget Formulation   |        |     | FC BF MI                                     |
| SIFMS  | DPAS/DISCAS              | Departmental Accounting  |        |     | GL BE FC AP DB AR DP CA TR MI OT             |
| SIFMS  | DPAS/FDS                 | Funds Distribution   |        |     | GL BE FC DB MI                               |
| SIFMS  | DPAS/FIS                 | Departmental Financial Reporting                               |        |     | OT   |
| SIFMS  | DPAS/MARS                | Departmental Financial Reporting                               |        |     | OT   |
| SIFMS  | PAY/PERS                 | Personnel and Payroll Processing and Reporting                 |        |     | RP CP PR TA LD                               |
| SIFMS  | PAYOUTSOURCE             | Outsourcing of Payroll/Personnel Processing Activities Support |        |     | RP CP PR TA LD                               |
| SIFMS  | PFMS                     | Financial Management   |        |     | GL BE AP AR CA BF TA LD TR PC IN FC RP PP RM |
| SIFMS  | SWPA, SEPA,              | FERC, DOE, Treasury Accounting Requirements                    |        |     | GL BE AP AR CA BF TA LD TR PC IN FC RP PP RM |
| SIFMS  | WAPA                     | Financial Management   |        |     | GL BE AP AR CA BF RP LD TR PC IN PP RM       |
| STAR   | STAR                     |  |        |     |  |
| TOTAL APPLICATIONS FOR BUREAU/REPORTING INDICATOR COMBINATION: |                          |  |        |     | 15   |
| TOTAL APPLICATIONS FOR BUREAU DOE:                             |                          |  |        |     | 15   |
| TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT:                  |                          |  |        |     | 15   |

## FINANCIAL MANAGEMENT SYSTEMS INVENTORY

| System<br>Acronym | Application<br>Reference | Agency                                |                   |              | DOE |              | Future<br>Plans | Replace<br>Appl | End<br>Life | Impl<br>Date | Last<br>Upgrade | 2000<br>Prob |
|-------------------|--------------------------|---------------------------------------|-------------------|--------------|-----|--------------|-----------------|-----------------|-------------|--------------|-----------------|--------------|
|                   |                          | Contact Organization                  | Contact Person    | Phone        |     |              |                 |                 |             |              |                 |              |
| Bureau DOE        | OMB Reporting Indicator  | R                                     |                   |              |     |              |                 |                 |             |              |                 |              |
| CASH-LINK         | CASH-LINK                |                                       |                   |              |     |              | 0               | //              | //          |              |                 |              |
| GOALS             | DATACOLLECT              |                                       |                   |              |     |              | 0               | //              | //          |              |                 |              |
| GOALS             | OPAC                     |                                       |                   |              |     |              | 0               | //              | //          |              |                 |              |
| MAX               | A-11                     |                                       |                   |              |     |              | 0               | //              | //          |              |                 |              |
| SIFMS             | DBFS                     | Office of Chief Financial Officer     | Roy Craig         | 202-586-3455 | N   |              | 0               | 06/30/1992      | //          |              |                 | M            |
| SIFMS             | DPAS/DISCAS              | Office of Chief Financial Officer     | James Reid        | 301-903-2595 | U   |              | 2003            | 04/07/1986      | 04/10/1997  |              |                 | M            |
| SIFMS             | DPAS/FDS                 | Office of Chief Financial Officer     | Paul Kelley       | 301-903-5237 | N   |              | 0               | 01/30/1991      | //          |              |                 | T            |
| SIFMS             | DPAS/FIS                 | Office of Chief Financial Officer     | James Reid        | 301-903-2595 | R   | MARS         | 1998            | 12/31/1969      | 09/30/1992  |              |                 | M            |
| SIFMS             | DPAS/MARS                | Office of Chief Financial Officer     | James Reid        | 301-903-2595 | U   |              | 2006            | 02/01/1996      | 02/15/1997  |              |                 | P            |
| SIFMS             | PAY/PERS                 | Office of Organization and Management | George Hofman     | 301-903-4099 | R   | PAYOUTSOURCE | 1998            | 02/01/1982      | 11/30/1991  |              |                 | M            |
| SIFMS             | PAYOUTSOURCE             | Office of Organization and Management | George Hofman     | 301-903-4099 | N   |              | 0               | 06/30/1998      | //          |              |                 | P            |
| SIFMS             | PFMS                     | Western Area Power Administration     | William Coakley   | 303-275-1312 | N   |              | 0               | 09/30/1999      | //          |              |                 | P            |
| SIFMS             | SWPA,SEPA,               | Southwestern Power Administration     | Robert F. Purnell | 918-595-6741 | R   | PFMS         | 1999            | 10/01/1984      | 04/30/1994  |              |                 | M            |
| SIFMS             | WAPA                     | Western Area Power Administration     | Ken Maxey         | 303-275-1600 | R   | PFMS         | 1999            | 10/30/1986      | 07/30/1994  |              |                 | M            |
| STAR              | STAR                     |                                       |                   |              |     |              | 0               | //              | //          |              |                 |              |

TOTAL APPLICATIONS FOR BUREAU/REPORTING INDICATOR COMBINATION: 15

TOTAL APPLICATIONS FOR BUREAU DOE: 15

TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT: 15

## FINANCIAL MANAGEMENT SYSTEMS INVENTORY

| System<br>Acronym | Application<br>Reference | Dept<br>Std Sys | Agency DOE |       |               |              |             | Ext<br>Rpt | Int<br>Rpt | Proc | IT<br>Stds | Date of<br>IT Stds | Appl<br>Type |
|-------------------|--------------------------|-----------------|------------|-------|---------------|--------------|-------------|------------|------------|------|------------|--------------------|--------------|
|                   |                          |                 | SIMFS      | FMFIA | JFMIP<br>Reqs | Acct<br>Stds | Std<br>Data |            |            |      |            |                    |              |
| Bureau DOE        | OMB Reporting Indicator  | R               |            |       |               |              |             |            |            |      |            |                    |              |
| CASH-LINK         | CASH-LINK                |                 | N          | N     | A             |              |             |            |            |      |            | //                 | G            |
| GOALS             | DATA COLLECT             |                 | N          | N     | A             |              |             |            |            |      |            | //                 | G            |
| GOALS             | OPAC                     |                 | N          | N     | A             |              |             |            |            |      |            | //                 | G            |
| MAX               | A-11                     |                 | N          | N     | A             |              |             |            |            |      |            | //                 | G            |
| SIFMS             | DBFS                     | Y               | Y          | N     | A             | Y            | C           | Y          | Y          | Y    | C          | 04/01/1997         | B            |
| SIFMS             | DPAS/DISCAS              | Y               | Y          | N     | Y             | Y            | C           | Y          | Y          | P    | C          | 04/01/1997         | C            |
| SIFMS             | DPAS/FDS                 | Y               | Y          | N     | Y             | Y            | C           | Y          | Y          | Y    | C          | 04/01/1997         | C            |
| SIFMS             | DPAS/FIS                 | Y               | Y          | N     | Y             | Y            | C           | Y          | Y          | P    | C          | 04/01/1997         | C            |
| SIFMS             | DPAS/MARS                | Y               | Y          | N     | Y             | Y            | C           | P          | Y          | Y    | C          | 04/01/1997         | O            |
| SIFMS             | PAY/PERS                 | Y               | Y          | N     | Y             | Y            | C           | Y          | Y          | P    | A          | //                 | P            |
| SIFMS             | PAY/OUTSOURCE            | Y               | Y          | N     | Y             | Y            | C           | Y          | Y          | Y    | A          | //                 | P            |
| SIFMS             | PFMS                     | Y               | Y          | N     | Y             | Y            | C           | Y          | Y          | Y    | C          | 08/01/1990         | C            |
| SIFMS             | SWPA, SEPA,              | N               | Y          | N     | Y             | Y            | C           | P          | P          | Y    | C          | 10/01/1991         | C            |
| SIFMS             | WAPA                     | N               | Y          | N     | Y             | Y            | C           | Y          | Y          | Y    | C          | 08/01/1990         | C            |
| STAR              | STAR                     |                 | N          | N     | A             |              |             |            |            |      |            |                    | G            |

TOTAL APPLICATIONS FOR BUREAU/REPORTING INDICATOR COMBINATION: 15  
TOTAL APPLICATIONS FOR BUREAU DOE: 15  
TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT: 15

## FINANCIAL MANAGEMENT SYSTEMS INVENTORY

| System<br>Acronym | Application<br>Reference | Off<br>Shelf | Custom | Use<br>Xsrv | Source   | Prov<br>Xsrv | Num<br>Srvd | Annual Trans<br>Volume |
|-------------------|--------------------------|--------------|--------|-------------|--|--------------|-------------|------------------------|
| Agency DOE        |                          |              |        |             |  |              |             |                        |
| All Applications  |                          |              |        |             |  |              |             |                        |
| Bureau DOE        | OMB Reporting Indicator  | R            |        |             |  |              |             |                        |
| CASH-LINK         | CASH-LINK                | N            | N      | GW          | Treasury   | NA           | 0           | 0                      |
| GOALS             | DATA COLLECT             | N            | N      | GW          | Treasury   | NA           | 0           | 0                      |
| GOALS             | OPAC                     | N            | N      | GW          | Treasury   | NA           | 0           | 0                      |
| MAX               | A-11                     | N            | N      | GW          | OMB  | NA           | 0           | 0                      |
| SIFMS             | DBFS                     | N            | Y      | NA          | Computer Data Systems, Inc. (CDSI)                 | NA           | 0           | 4,000                  |
| SIFMS             | DPAS/DISCAS              | N            | Y      | NA          | Pragmatics-currently; Computer Data Systems, Inc.  | NA           | 0           | 950,000                |
| SIFMS             | DPAS/FDS                 | N            | Y      | NA          | DynCorp/Computer Data Systems, Inc. (CDSI)         | NA           | 0           | 19,612                 |
| SIFMS             | DPAS/FIS                 | N            | Y      | NA          | Computer Data Systems, Inc. (CDSI)                 | NA           | 0           | 600,000                |
| SIFMS             | DPAS/MARS                | N            | Y      | NA          | Pragmatics   | NA           | 0           | 540,000                |
| SIFMS             | PAY/PERS                 | Y            | Y      | NA          | DOI Bureau of Reclamation, Elect Data Sys (EDS), C | EX           | 2           | 1,600,000              |
| SIFMS             | PAYOUTSOURCE             | N            | N      | EX          | Unknown  | NA           | 0           | 0                      |
| SIFMS             | PFMS                     | N            | N      | NA          | Oracle Corp's Gov't Financial Systems              | NA           | 0           | 0                      |
| SIFMS             | SWPA, SEPA,              | Y            | Y      | NA          | QSI, Inc.  | NA           | 0           | 800,000                |
| SIFMS             | WAPA                     | N            | Y      | NA          | QSI, Inc.  | NA           | 0           | 5,000,000              |
| SIFMS             | STAR                     | N            | N      | GW          | Treasury   | NA           | 0           | 0                      |

TOTAL APPLICATIONS FOR BUREAU/REPORTING INDICATOR COMBINATION: 15

TOTAL APPLICATIONS FOR BUREAU DOE: 15

TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT: 15

## FINANCIAL MANAGEMENT SYSTEMS INVENTORY

| System<br>Acronym | Application<br>Reference  | Technical Environment                           | Agency DOE       |               |             |    |      |          |        |       |
|-------------------|---------------------------|---|------------------|---------------|-------------|----|------|----------|--------|-------|
|                   |                           |   | Main-<br>frame   | Mid-<br>range | CII/<br>Ser | PC | Card | Internet | Manual | Other |
| Bureau DOE        | OMB Reporting Indicator R |   | All Applications |               |             |    |      |          |        |       |
| CASH-LINK         | CASH-LINK                 |   | N                | N             | N           | N  | N    | N        | N      | N     |
| GOALS             | DATA COLLECT              |   | N                | N             | N           | N  | N    | N        | N      | N     |
| GOALS             | OPAC                      |   | N                | N             | N           | N  | N    | N        | N      | N     |
| MAX               | A-11                      |   | N                | N             | N           | N  | N    | N        | N      | N     |
| SIFMS             | DBFS                      | LAN, SQLBASE, Netware 3.1                       | N                | N             | N           | Y  | N    | N        | N      | N     |
| SIFMS             | DPAS/DISCAS               | Hewlett Packard 3000/9xx; MPE:X O/S; Image/DBMS | N                | Y             | N           | N  | N    | N        | N      | N     |
| SIFMS             | DPAS/FDS                  | Mainframe, MVS, ORACLE                          | Y                | N             | N           | Y  | N    | N        | N      | N     |
| SIFMS             | DPAS/FIS                  | Hewlett Packard HP3000/960                      | Y                | N             | N           | N  | N    | N        | N      | N     |
| SIFMS             | DPAS/MARS                 | Hewlett Packard HP3000/9xx; MPE:X O/S; Image/   | N                | Y             | N           | N  | N    | N        | N      | N     |
| SIFMS             | PAY/PERS                  | IBM Mainframe, CICS/MVS, COBOL, VSAM & Seq      | Y                | N             | N           | N  | N    | N        | N      | N     |
| SIFMS             | PAYOUTSOURCE              | Unknown   | N                | N             | N           | N  | N    | N        | N      | N     |
| SIFMS             | PFMS                      | HP 9000/K260, UNIX, Oracle Relational Database  | Y                | N             | N           | N  | N    | N        | N      | N     |
| SIFMS             | SWPA, SEPA,               | HP 9000/I40, UNIX, Oracle                       | Y                | N             | N           | N  | N    | N        | N      | N     |
| SIFMS             | WAPA                      | HP 9000/877, UNIX, Oracle Relational Database   | Y                | N             | N           | N  | N    | N        | N      | N     |
| SIFMS             | STAR                      |   | N                | N             | N           | N  | N    | N        | N      | N     |

TOTAL APPLICATIONS FOR BUREAU/REPORTING INDICATOR COMBINATION: 15  
 TOTAL APPLICATIONS FOR BUREAU DOE: 15  
 TOTAL AGENCY APPLICATIONS IN REPORT: 15



# READER RESPONSE SHEET

*U.S. Department of Energy  
Office of Chief Financial Officer*

**Reader Response Sheet  
CFO - Status Report and Five Year Plan**

*The Chief Financial Officer is interested in the comments and suggestions of those who read this document. Please take a few minutes to complete this sheet and send it to us at the following address:*

Office of the Chief Financial Officer  
Department of Energy  
Room 4A-149  
1000 Independence Ave, SW  
Washington, D.C. 20585

*Comments may be faxed to the Five Year Plan at (202) 586-8415*

The things I liked most about this document were:

The things I liked least about this document were:

In the next update, the things I would like to see added or changed are:

Other comments, suggestions, or corrections:

Respondent's name, title, phone number (optional):

Date of response: